



CORPORATE GOVERNANCE REPORT



2020



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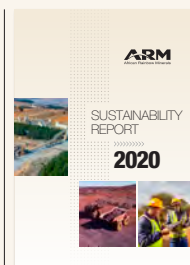
OUR 2020 SUITE OF REPORTS



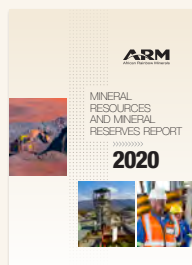
2020 INTEGRATED ANNUAL REPORT
Holistic assessment of ARM's ability to create sustainable value, with relevant extracts from the annual financial statements and supplementary reports, particularly the sustainability report covering non-financial aspects with a material impact on our performance and our business.



2020 ANNUAL FINANCIAL STATEMENTS
The audited annual financial statements have been prepared according to International Financial Reporting Standards (IFRS).



2020 SUSTAINABILITY REPORT
Detailed information on our performance on key environmental and social matters.



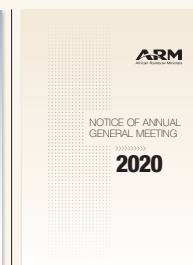
2020 MINERAL RESOURCES AND MINERAL RESERVES REPORT
In line with JSE Listings Requirements, ARM prepares Mineral Resources and Mineral Reserves statements for all its assets as per SAMREC Code guidelines and definitions (2016).



2020 CORPORATE GOVERNANCE REPORT
In addition, we publish a corporate governance report with detailed disclosure on the framework, processes and intended outcomes of ARM's governance structures, and detailed disclosure on ARM's application of the principles of King IV™.



2020 KING IV™ APPLICATION REGISTER



2020 NOTICE OF AGM

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REFERENCES TO 2020 SUITE OF REPORTS



2020 Integrated annual report



2020 Annual financial statements



2020 Sustainability report



2020 Mineral resources and mineral reserves report



2020 Corporate governance report



www.arm.co.za

All monetary values in this report are in South African rand unless otherwise stated. Rounding may result in computational discrepancies on management and operational review tabulations.

Corporate governance report

Our strategy is supported by high standards of corporate governance. These are reviewed regularly to ensure robust reporting, strong relationships with our stakeholders and to align our businesses with global good practice.

Our approach to corporate governance

We understand that adhering to the highest standards of corporate governance is fundamental to the sustainability of our business. Our business practices are conducted in good faith, in the interests of the company and all its stakeholders, with due regard for the principles of good corporate governance.

The unitary board of directors is the foundation of our corporate governance system and accountable for our performance. The board retains effective control of the business through a clear governance structure. It is assisted by established committees, in line with its charter. The board recognises that delegating authority does not reduce the responsibility of directors to discharge their statutory and common-law fiduciary duties.

We continue to review our governance structures to ensure they support effective decision-making, establish a corporate culture aligned with ARM's purpose, foster sustainable growth and align to evolving best practice.

King IV and governance

We support the governance outcomes, principles and practices set out in the King IV™ Report on Corporate Governance for South Africa, 2016 (King IV) and apply all relevant principles. We view developments and governance trends as opportunities to continuously improve and entrench our own standards. Practices affecting our divisions and operations are identified, assessed and addressed through action plans as well as regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports are presented, among others, to the ARM audit and risk committee and divisional audit committees.



Governance in times of Covid-19

The Covid-19 pandemic has created unprecedented global health, social and economic challenges. Throughout the initial lockdown, the chief executive officer communicated regularly with the board to provide clarity and reassurance about the business. Board members were kept informed about extensive issuer guidance from the JSE on communicating with the public and regulators. At the onset of lockdown, the board considered risks and closely monitored the results of scenario planning for ARM, given the severe impact on global markets for our commodities.

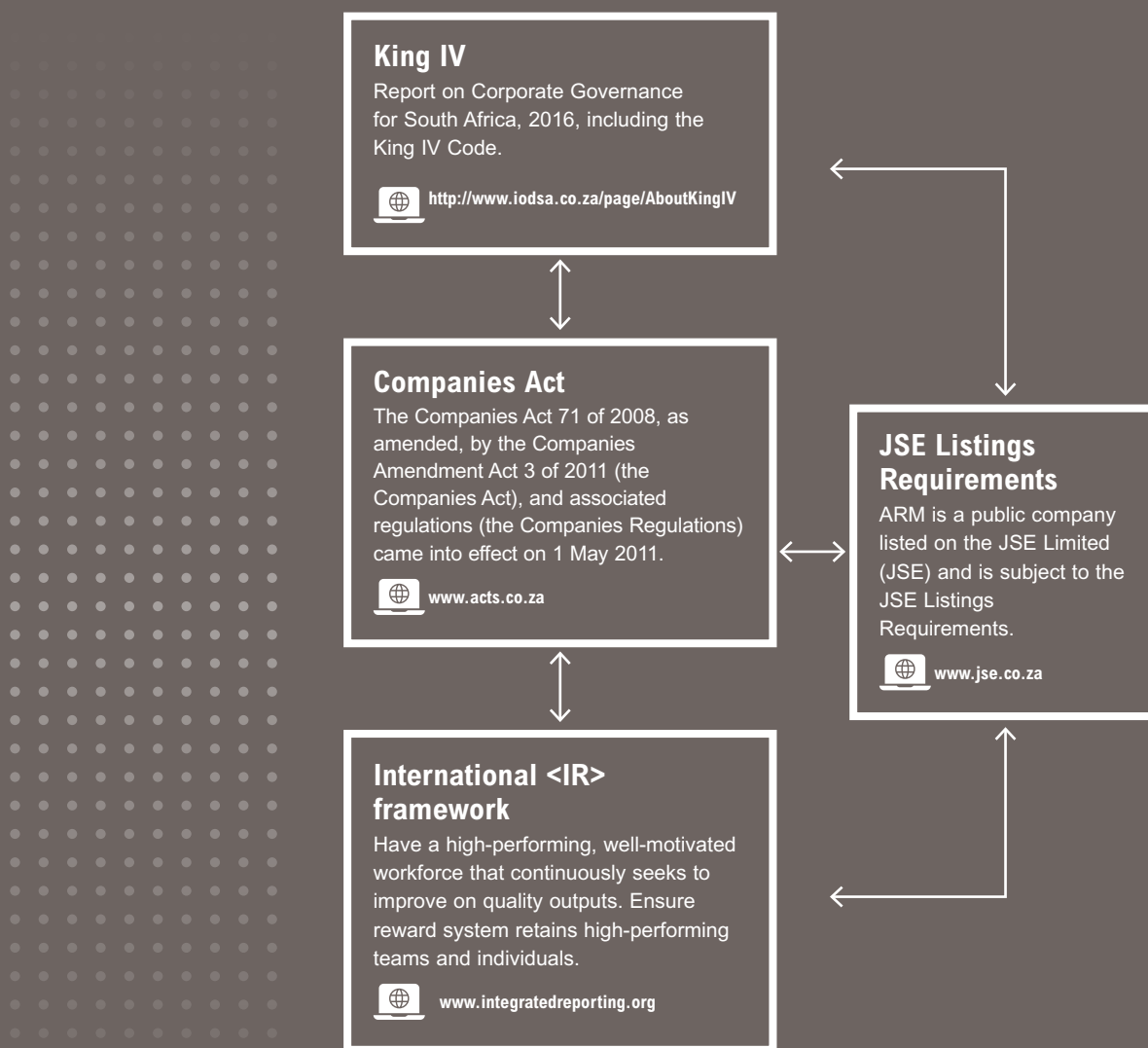
In line with current requirements, we have included comprehensive risk disclosures in our integrated annual report, covering the operational and financial impacts, health and safety considerations as well as impact on our communities.

We transitioned seamlessly to video- and tele-conferencing for board and committee meetings. In line with the provision in ARM's memorandum of incorporation, our next annual general meeting will be held electronically to manage and reduce the health risk to all participants.

Although lockdown levels have eased, ARM's robust governance structures enable the board to maintain ongoing and effective oversight and leadership as the medium to long-term impacts of the pandemic unfold.

APPLICABLE GOVERNING FRAMEWORKS

ARM complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other directives regulating its conduct. The principal frameworks are illustrated below.



Additional external financial standards, policies, reporting guidelines and principles



See the accounting policies in the notes to the annual financial statements.



See approach to reporting on page 2 of the integrated annual report.

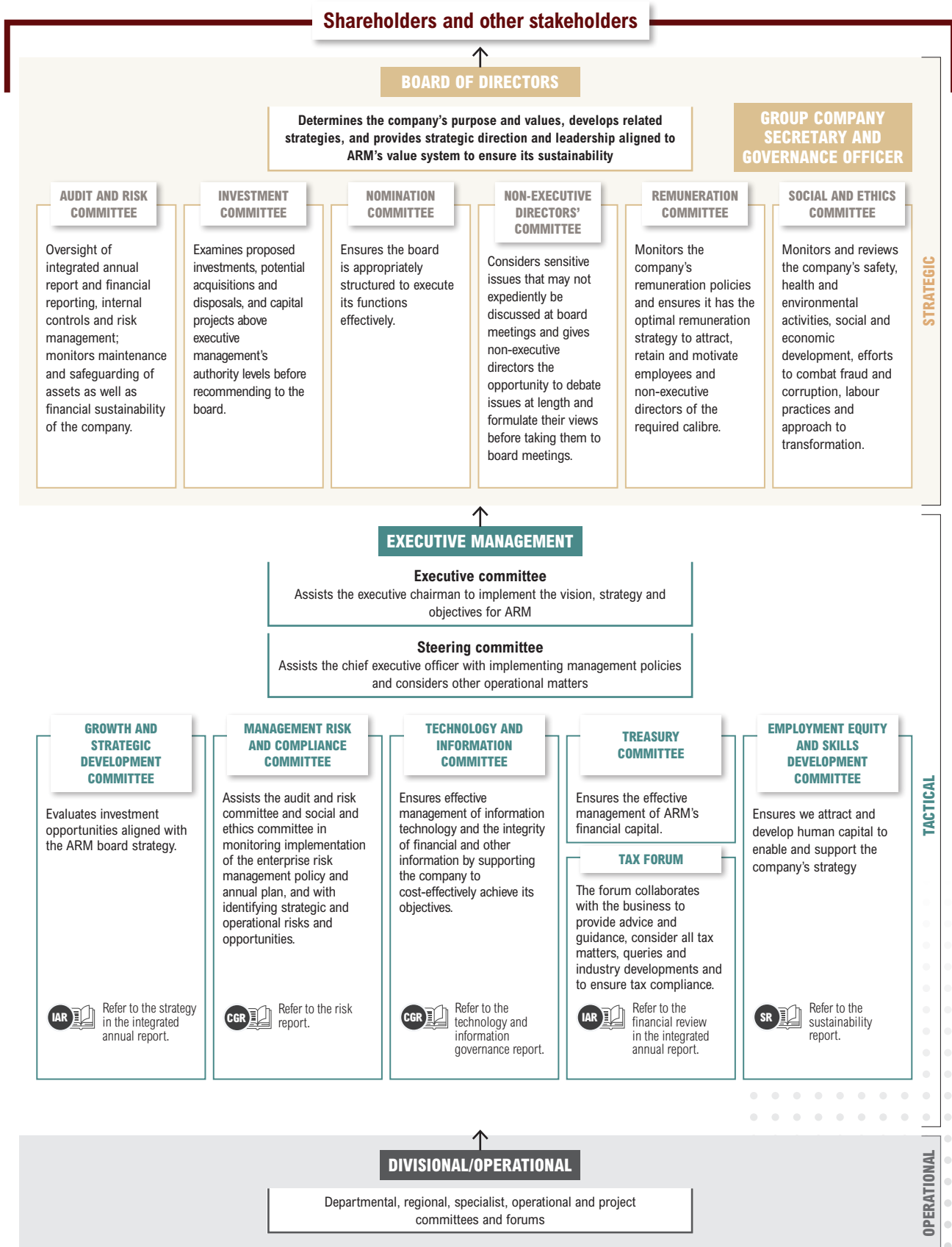
Additional external sustainability and management systems, standards and principles



See approach to sustainability on page 52 of the integrated annual report and the 2020 sustainability report on our corporate website: www.arm.co.za



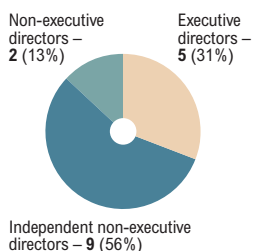
GOVERNANCE FRAMEWORK



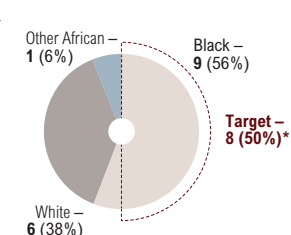
Board of directors

The board provides strategic direction and leadership, monitors the implementation of business and strategic plans, and approves capital funding for these plans to support a sustainable business.

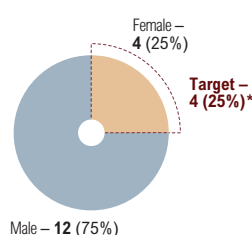
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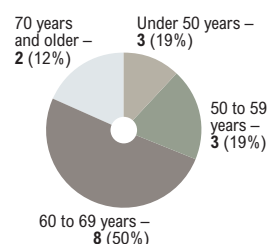
DIVERSITY



GENDER



AGE**



* Target in terms of the board-approved policy.

** At the date of the 2020 annual general meeting.



1 DR PATRICE MOTSEPE ⁽⁵⁸⁾

EXECUTIVE CHAIRMAN

- African Rainbow Capital, African Rainbow Energy and Power, Harmony Gold Mining Company Limited, Sanlam Limited, UBI General Partner Pty Ltd, Ubuntu-Botho Investments.



2 MIKE SCHMIDT ⁽⁶²⁾

CHIEF EXECUTIVE OFFICER



3 TSUNDZUKANI MHLANGA ⁽³⁸⁾

FINANCE DIRECTOR



4 JONGISA MAGAGULA ⁽³⁸⁾

EXECUTIVE DIRECTOR: INVESTOR RELATIONS AND NEW BUSINESS DEVELOPMENT

- Ubuntu-Botho Investments (Eastern Cape) Pty Ltd, trustee of Ubuntu-Botho Women's Upliftment Trust.



5 THANDO MKATSHANA ⁽⁵¹⁾

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE: ARM PLATINUM AND ARM COAL



6 ALEX MADITSI ⁽⁵⁸⁾

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

- African Rainbow Energy and Power Proprietary Limited, Bidvest Group Limited, Murray & Roberts Holdings Limited and Sterling Debt Recoveries Proprietary Limited.



7 FRANK ABBOTT ⁽⁶⁵⁾

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Harmony Gold Mining Company Limited.



8 TOM BOARDMAN ⁽⁷⁰⁾

INDEPENDENT NON-EXECUTIVE DIRECTOR

- African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited, Ansor Limited, Royal Bafokeng Holdings Limited, TymeBank Proprietary Limited, Ubuntu-Botho Investments.



9 ANTON BOTHA ⁽⁶⁷⁾

INDEPENDENT NON-EXECUTIVE DIRECTOR

Imalivest, Sanlam Limited, University of Pretoria.



10 JOAQUIM CHISSANO ⁽⁸⁰⁾

INDEPENDENT NON-EXECUTIVE DIRECTOR

Harmony Gold Mining Company Limited.



11 MANGISI GULE ⁽⁶⁸⁾

INDEPENDENT NON-EXECUTIVE DIRECTOR



12 PITSI MNISI ⁽³⁷⁾

INDEPENDENT NON-EXECUTIVE DIRECTOR

Super Group Limited, African People Movers (Pty) Ltd, Methodist Homes for the Aged NPO.



13 DAVID NOKO ⁽⁶³⁾

INDEPENDENT NON-EXECUTIVE DIRECTOR

University of the Free State (council), Tongaat-Hulett Limited.



14 MIKE ARNOLD ⁽⁶³⁾

NON-EXECUTIVE DIRECTOR

African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited.



15 DR REJOICE SIMELANE ⁽⁶⁸⁾

INDEPENDENT NON-EXECUTIVE DIRECTOR

African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited, Sanlam Limited, Ubuntu-Botho Investments.



16 JAN STEENKAMP ⁽⁶⁶⁾

INDEPENDENT NON-EXECUTIVE DIRECTOR

African Rainbow Energy and Power Proprietary Limited.

LEGEND

■ South African
■ Mozambican

○ Other key boards

BOARD OF DIRECTORS continued

1 DR PATRICE MOTSEPE (58)**Executive chairman**

LLB and Doctorate of Commerce Honoris Causa (University of Witwatersrand), Doctorate of Commerce Honoris Causa (Stellenbosch University), Doctor of Management and Commerce Honoris Causa (University of Fort Hare) and BA Law and Doctor of Laws Honoris Causa (University of Eswatini, formerly the University of Swaziland)

In 1994 Dr Motsepe founded Future Mining which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997 which listed on the JSE in 2002.

In 2003 Dr Motsepe led ARMgold into a merger with Avmin and Harmony Gold. Following the merger Avmin changed its name to African Rainbow Minerals (ARM) and he became the founder and Executive Chairman of ARM.

Dr Patrice Motsepe was a partner in one of the largest law firms in South Africa, Bowmans and was also a visiting attorney in the USA with the law firm, McGuireWoods.

In 2002 Dr Motsepe was voted South Africa's Business Leader of the Year by the chief executive officers of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award.

In 2017 Forbes Magazine commemorated its 100th Anniversary and honoured Dr Motsepe as one of the "100 Greatest Living Business Minds" in the world alongside many prominent global business leaders. He is the only person living on the African continent to be recognized and honoured as one of the "100 Greatest Living Business Minds" in the world.

Dr Motsepe is also the founder and Chairman of Ubuntu-Botho Investments, African Rainbow Capital (ARC), African Rainbow Energy and Power (AREP) and UBI General Partner (Pty) Ltd. He is also the Deputy Chairman of Sanlam, Chairman of Harmony Gold and President of Mamelodi Sundowns Football Club.

Dr Motsepe is a member Board of Trustees of the World Economic Forum (WEF), the Global Network Advisory Board of the WEF Centre for the Fourth Industrial Revolution and the WEF International Business Council (IBC) which is made up of 100 of the most highly respected and influential chief executives from all industries. He is also a member of the Harvard Global Advisory Council and the International Council on Mining and Metals (ICMM).

His past business responsibilities include being the President of National African Federated Chamber of Commerce and Industry (NAFCOC) from 2002 to 2006, Founding President of Business Unity South Africa (BUSA) from January 2004 to May 2008, Founding President of Chambers of Commerce and Industry South Africa (CHAMSA), President of the Black Business Council (BBC), and the Founding Chairman of the BRICS (Brazil, Russia, India, China, South Africa) Business Council in March 2013.

Dr Motsepe is a recipient of numerous business and leadership awards and recognitions including:

- Sunday Times Lifetime Achiever Award, 2017;
- Harvard University Veritas Award for Excellence in Global Business and Philanthropy, 2014;

- BRICS Business Council, Outstanding Leadership Award, 2014;
- The Black Management Forum (BMF) Presidential Award for Business Excellence, 2010;
- McGuireWoods Outstanding Alumnus Awards, 2009;
- African Business Roundtable, USA, Entrepreneur & Freedom of Trade Award, 2009;
- South African Jewish Report, Special Board Members Award for Outstanding Achievement, 2004;
- Afrikaanse Handelsinstituut, MS Louw Award for Exceptional Business Achievement, 2003; and
- World Economic Forum Global Leader of Tomorrow, 1999.

In January 2013 Dr Motsepe and his wife, Dr Precious Moloi-Motsepe joined the Giving Pledge which was started by Warren Buffett and Bill and Melinda Gates. Dr Motsepe committed to give half of the wealth, which is owned by the Motsepe family to the poor and for philanthropic purposes during his lifetime and that of his wife and beyond. In April 2019, Forbes Magazine stated that US\$500 million was donated by the Motsepe family to the poor and for philanthropic purposes.

Dr Motsepe announced on 28 March 2020 that his family, in partnership with companies and organisations that they are associated with, including ARM, pledge R1 billion to assist with South Africa and Africa's response to the challenges presented by the COVID-19 pandemic.

2 MIKE SCHMIDT (62)**Chief executive officer****Mine manager's certificate, MDP (Insead), PrCertEng**

Appointed to the board in 2011

Mike Schmidt joined ARM as executive: platinum operations in July 2007 after 13 years with Lonmin Platinum where he was vice-president Limpopo operations when he left the company. Prior to that, he was employed by Hartbeestfontein Gold Mining Company. Mike was appointed chief executive officer designate of ARM and an executive director from 1 September 2011. He has been the chief executive officer of ARM since 1 March 2012.

3 TSUNDZUKANI MHLANGA (38)**Finance director**

BCom (acc sciences) (University of Pretoria), BCom (acc)(hons) and CTA (University of KZN), CA(SA), MBA (UCT)

Appointed to the board in 2020

Tsundzukani (Tsu) Mhlanga joined ARM in July 2020 as chief finance officer. She has over 15 years' financial experience and was previously executive director: group finance and administration of Italtile Limited. Prior to that, Tsu was a financial director in the property sector and spent six years in the mining industry as chief financial officer and group manager of finance for a mining joint venture. In addition, she gained experience in the retail and public sectors after completing her articles at Edcon.

4 JONGISA MAGAGULA ⁽³⁸⁾

Executive director: investor relations and new business development

BBusSci (finance) (hons) (UCT)

Appointed to the board in 2019

Jongisa Magagula began her career in the group financial reporting department of fast-moving consumer goods company, Unilever South Africa Home and Personal Care (Unilever). During her time at Unilever, she was seconded to auditing firm Ernst & Young as part of the internal audit team. In 2007, Jongisa joined Absa Capital and was seconded to Barclays Capital in London where she worked in the real estate group services team, originating commercial debt and structuring commercial debt securitisation products. She returned to Absa Capital and joined the mining and metals team responsible for mergers and acquisitions advisory, as well as financing and risk management solutions for mining clients. Jongisa joined ARM in 2009 as head of investor relations and was appointed to her current role in 2019. She is also a director of Ubuntu-Botho Investments (Eastern Cape) Pty Ltd and a trustee of Ubuntu-Botho Women's Upliftment Trust.

5 THANDO MKATSHANA ⁽⁵¹⁾

Executive director and chief executive: ARM Platinum

National higher diploma (coal mining) (Wits Technikon), BSc Eng (mining) (Wits), MDP and MBA (Stellenbosch University)

Appointed to the board in 2015

Thando Mkatshana has over 30 years' experience in the mining industry. His career started with Anglo American Coal in 1988, where he gained extensive production experience at various collieries. He joined Xstrata Coal South Africa (Pty) Ltd in 2003, where he was responsible for the development from feasibility to implementation of the Goedgevonden Colliery (a flagship greenfield project and joint venture between ARM Coal (Pty) Ltd and what is now Glencore Operations South Africa (Pty) Ltd). Thando worked for Kalagadi Manganese (Pty) Ltd and ArcelorMittal South Africa Limited before joining ARM in 2011 as executive: coal operations. He was appointed chief executive: ARM Coal in 2012 and assumed additional responsibilities as chief executive: ARM Copper in 2015. In February 2017, Thando was appointed chief executive: ARM Platinum.

6 ALEX MADITSI ⁽⁵⁸⁾

Lead independent non-executive director

Chairman of nomination and non-executive directors' committees; member of audit and risk, investment, remuneration and social and ethics committees

BProc (University of the North), LLB (Wits), HDip company law (Wits), LLM company and labour law (Pennsylvania, USA), LLM international commercial law (Harvard, USA)

Appointed to the board in 2004

Alex Maditsi became lead independent non-executive director in 2015. He is managing director of Copper Moon Trading (Pty) Ltd. Previously he was employed by Coca-Cola South Africa as a franchise director for South Africa, country manager for Kenya, and senior director: operations planning and legal director for Coca-Cola Southern and East Africa. Prior to that, he was legal director for Global Business Connections in Detroit, Michigan. He also spent time at Lewis, White and Clay, The Ford Motor Company and Schering-Plough in the USA, practising as an attorney. Alex was a Fulbright scholar and member of the Harvard LLM Association. His directorships include African Rainbow Energy and Power (Pty) Ltd, Bidvest Group Limited, Murray & Roberts and Sterling Debt Recoveries (Pty) Ltd.

7 FRANK ABBOTT ⁽⁶⁵⁾

Independent non-executive director

Member of investment and non-executive directors' committees

BCom (University of Pretoria), CA(SA), MBL (Unisa)

Appointed to the board in 2004

Frank Abbott joined Rand Mines Group in 1981, gaining broad financial management experience at operational level and serving as a director of various listed gold mining companies. Frank is currently an independent non-executive director of ARM, having served as financial director of the company from 2004 to 2009. Frank also holds the position of executive director: new business development at Harmony Gold Mining Company Limited ("Harmony") following his resignation as financial director of Harmony in March 2020.

BOARD OF DIRECTORS continued

8 TOM BOARDMAN ⁽⁷⁰⁾**Independent non-executive director**

Chairman of audit and risk committee; member of non-executive directors' and remuneration committees

BCom (Wits), CA(SA)

Appointed to the board in 2011

Tom Boardman was chief executive of Nedbank Group Limited from 2003 to 2010. Before that, he was chief executive and executive director of BoE Limited, which was acquired by Nedbank in 2002. He was the founding shareholder and managing director of retail housewares chain Boardmans. He was also previously managing director of Sam Newman Limited and worked for the Anglo American Corporation. He served his articles at Deloitte. He was a non-executive director of Nedbank Limited from 2010 to 2017, chairing the credit and capital and risk committees. He was a director of listed Swedish investment company, Kinnevik, from 2011 to 2018, and chairman for the last two years. He was also a non-executive director and chairman of Millicom International Cellular, one of the major mobile and cable network operators in Central and South America listed on the NASDAQ and Swedish stock exchanges. He is currently a non-executive director of Royal Bafokeng Holdings, Ubuntu-Botho Investments, African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited and TymeBank Proprietary Limited. He is a director of The Peace Parks Foundation and trustee for a number of charitable foundations.

9 ANTON BOTHA ⁽⁶⁷⁾**Independent non-executive director**

Chairman of remuneration committee; member of audit and risk, investment, non-executive directors' committees

BCom (marketing) (University of Pretoria), BProc (Unisa), BCom (hons) (University of Johannesburg), SEP (Stanford)

Appointed to the board in 2009

Anton Botha is a co-founder, director and co-owner of Imalivest, a private investment group that manages proprietary capital provided by its owners and the Imalivest Flexible Funds. He is also a non-executive director of the University of Pretoria, Sanlam Limited and certain Sanlam subsidiaries.

10 JOAQUIM CHISSANO ⁽⁸⁰⁾**Independent non-executive director**

Member of nomination, non-executive directors' and social and ethics committees

PhD honoris causa (Stellenbosch University), LLD honoris causa (St John's University, USA)

Appointed to the board in 2005

Joaquim Chissano is a former president of Mozambique and has served that country in many capacities, initially as a founding member of the Frelimo movement in the struggle for independence. After independence in 1975, he was appointed foreign minister and became president in 1986. He declined to stand for a further term of office in 2004. His presidency began during a devastating civil war and ended as the economy was being reconstructed. He was chairman of the African Union from 2003 to 2004. Joaquim is also a non-executive director of Harmony Gold Mining Company. In 2006, he was awarded the annual Chatham House prize for significant contributions to the improvement of international relations. He also received the inaugural Mo Ibrahim prize for achievement in African leadership in 2007 and has been awarded a number of honorary degrees.

11 MANGISI GULE ⁽⁶⁸⁾**Independent non-executive director**

Member of non-executive directors' committee

BA (hons) (Wits), PDM (Wits Business School)

Appointed to the board in 2004

Mangisi Gule was appointed as an executive director in 2004, chief executive of ARM Platinum in 2005 and chief executive of ARM Coal from 2007 to 2012. He served as executive director: corporate affairs until 2013 and has been a non-executive director of the company since 2013. Mangisi has extensive experience in management, training, human resources, communications, corporate affairs and business development. Apart from his academic qualification in business management, he has proven experience in leadership and mentorship. He has been a lecturer, chairman of professional bodies and a member of various executive committees and associations. He has also been an executive director of ARMgold and Harmony.

12 PITSI MNISI ⁽³⁷⁾**Independent non-executive director**

Member of non-executive directors' committee

BCom (acc) (University of Natal), BCom (acc)(hons) (University of Natal), BCom (tax)(hons) (UCT), CA(SA), advanced cert (emerging markets and country-risk analysis) (Fordham University, USA), MBA (Heriot-Watt University, UK)

Appointed to the board in 2020

Pitsi Mnisi has over 15 years' financial experience. She is founder and managing director of the corporate finance advisory business, Lynshpin Cedar. Previously she was finance manager at De Beers Consolidated Mines. Prior to that, she completed her articles at Deloitte in Cape Town after which she was seconded to the Deloitte London office and then returned to Cape Town to join the tax division. She was a non-executive director and audit committee member of state-owned African Exploration & Mining Finance Corporation SOC Ltd from 2014 until September 2020. She is a non-executive director of Super Group Limited, African People Movers (Pty) Ltd and Methodist Homes for the Aged NPO.

13 DAVID NOKO ⁽⁶³⁾**Independent non-executive director**

Member of investment, non-executive directors' and social and ethics committees

Higher diploma (mech eng) (Wits Technikon), management development programme (Wits), postgraduate diploma (company directorships) (Graduate Institute of Management & Technology), MBA (Heriot-Watt University), senior executive programme (London Business School)

Appointed to the board in 2017

David Noko is an internationally renowned business leader. He worked for South African Breweries, Pepsi Cola International and in senior and executive roles at Air Chefs (Pty) Ltd and De Beers Consolidated Mines Limited. He was an executive at AngloGold Ashanti Limited, responsible for the group sustainable development portfolio. His experience and business acumen have seen him serve on the boards of Royal Bafokeng Platinum Limited, Harmony Gold and Astrapak Limited. David is currently deputy chairman of the Council of the University of the Free State. He is also non-executive director at Tongaat Hulett Limited.

14 MIKE ARNOLD ⁽⁶³⁾**Non-executive director**

Member of investment and non-executive directors' committees

BSc Eng (mining geology) (Wits), BCompt (hons) (Unisa), CA(SA)

Appointed to the board in 2009

Mike Arnold's career started in the mining industry in 1980 as a geologist for Anglo American Corporation. He qualified as a chartered accountant in 1987. Mike joined ARM in 1999 as the group financial manager of Avgold Limited and, in 2003, he was appointed financial director. He became executive: finance of ARM in 2004, chief financial officer in 2008 and financial director in 2009. After eight years in that role, Mike retired in 2017, but remains on the ARM board as a non-executive director. He also served on the boards of African Rainbow Capital Proprietary Limited and African Rainbow Energy and Power Proprietary Limited as a non-executive director.

15 DR REJOICE SIMELANE ⁽⁶⁸⁾**Independent non-executive director**

Chairman of social and ethics committee; member of audit and risk, nomination and non-executive directors' committees

BA (economics and accounting) (University of Botswana, Lesotho and Swaziland), MA (econ) (University of New Brunswick, Canada, and University of Connecticut, USA), PhD (econ) (University of Connecticut), LLB (Unisa)

Appointed to the board in 2004

Rejoice Simelane began her career at the University of Swaziland as a lecturer in economics. Between 1998 and 2001, she worked at the Department of Trade and Industry as well as National Treasury. She then served as a special economics advisor to the premier of Mpumalanga until 2004, when she was appointed chief executive of Ubuntu-Botho Investments, a position she held until 2016. While she remains an executive director of Ubuntu-Botho Investments, she is also a non-executive director of its wholly owned subsidiary, African Rainbow Capital Proprietary Limited. Other directorships include Sanlam Limited, Mamelodi Sundowns Football Club, and African Rainbow Energy and Power Proprietary Limited. She is also a member of the Premier Soccer League executive committee. A CIDA scholarship recipient and Fulbright fellow, Rejoice was a member of the presidential economic advisory panel under president Mbeki until 2009 and served on the board of the Council for Medical Schemes from 2008 to 2011.

16 JAN STEENKAMP ⁽⁶⁶⁾**Independent non-executive director**

Member of investment, non-executive directors' and social and ethics committees

National mining diploma (Witwatersrand Technical College), executive development programme (Wits Business School)

Appointed to the board in 2017

Jan Steenkamp started his career with the Anglovaal Group in 1973. Trained as a mining engineer, he has worked at and managed group mining operations in the gold, copper, manganese, iron ore and chrome sectors. He was appointed managing director of Avgold Limited in 2002 and served on the board of Assmang Limited. In 2003, he was appointed to the Avmin board and became chief executive officer in July 2003 after serving as chief operating officer. He later served as chief executive of ARM Ferrous and an executive director on the ARM board from 2005 to 2012. He was appointed chief executive of ARM exploration and strategic services in 2012 until retiring in 2017. Jan is also a non-executive director of African Rainbow Energy and Power Proprietary Limited.

BOARD OF DIRECTORS continued

DIVERSITY AND INCLUSION

We recognise the benefits of a diverse board for integrated thinking. The board adopted a policy on promoting gender and racial diversity and inclusion to ensure that, by the end of calendar 2018, it would comprise at least 50% black board members, of which 25% would be black women. We have balanced black and white representation on the board and met the 25% target for black female members. We continue our efforts to increase female representation and restructure the board composition.

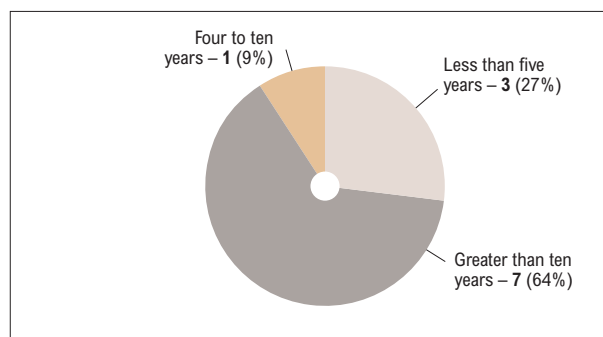
In the annual performance evaluation of the board, gender and race diversity were again identified as priority areas and the nomination committee will continue to focus on achieving these targets.

INDEPENDENCE

Our independent non-executive directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities. All directors have a duty to act with independence of mind in the best interests of the company. The board believes the independent non-executive directors are of the appropriate calibre, diversity and number for their views to carry significant weight in its deliberations and decisions.

The classification of independent non-executive directors is determined by the board on the recommendation of the nomination committee. In determining the independence of these directors, and with due regard to the relevant criteria set out in King IV and the JSE Listings Requirements, character and judgement are considered, along with any relationships or circumstances that may affect their judgement. Any term in office by an independent non-executive director exceeding nine years is rigorously reviewed by the board.

The board concluded that, in each case, the director's independence of character and judgement was not impaired by length of service.

Tenure: non-executive directors**INDEPENDENCE AND CONSULTANCY**

The independence of Mr JA Chissano, who receives consultancy fees, was considered. Given his extensive relationships with leaders of African countries, Mr Chissano assists in facilitating high-level business discussions and introductions. His specific assignments are determined by the executive chairman and chief executive officer, and fees paid for these services are market-related. As such, the board is satisfied that this aspect does not impair his independence.

Two other non-executive directors, Messrs M Arnold and JC Steenkamp, had consultancy agreements with the company in F2020. Mr JC Steenkamp is considered independent as he has not been an executive of ARM in the preceding three financial years, no longer participates in the Company's share incentive schemes and his consultancy agreement with the Company has been terminated. Mr Arnold is not considered independent as he was an executive of ARM in the previous three financial years and he benefits from ARM's share incentive schemes.



For additional information about consultancy agreements, see remuneration report on page 59.

EXECUTIVE CHAIRMAN, LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

The roles of the executive chairman and chief executive officer are separate and distinct.

Dr PT Motsepe is the executive chairman of the company and not independent. He is also a significant shareholder of ARM. The company is satisfied that his non-independence is properly addressed by the composition of the board and particularly by appointing a lead independent non-executive director, Mr AK Maditsi, as required by King IV.



For further information, see shareholder analysis in the 2020 annual financial statements.

The board charter documents the role and responsibilities of the executive chairman and lead independent non-executive director, who leads, inter alia, in the absence of the executive chairman or when the executive chairman has a conflict of interest.

In addition to general requirements for re-electing directors set out in ARM's memorandum of incorporation and discussed below, the executive chairman and lead independent non-executive director must be elected by the board annually. Dr Motsepe and Mr Maditsi were re-elected to their respective roles for one year from 1 January 2020.

The chief executive officer is appointed by the board. He does not hold any external board appointments, although he represents the company at the Minerals Council South Africa.

BOARD CHARTER

The board charter was amended in June 2020, guiding directors on the board's responsibilities, authority, composition, meetings and need for performance evaluations.

THE BOARD: ROLE AND RESPONSIBILITIES

The role and responsibilities of the board include:

- Determining ARM's purpose and values, identifying its stakeholders and developing related strategies.
- Being the focal point for, and custodian of, good corporate governance by managing the board's relationship with management, shareholders of ARM and other stakeholders.
- Providing strategic direction and leadership aligned to ARM's value system by reviewing and approving budgets, plans and strategies for ARM, monitoring their implementation and approving their capital funding, aimed at sustainably achieving ARM's long-term strategy and vision.
- Ensuring ARM's business is conducted ethically and sustainably.
- Reviewing the board's work plan annually.
- Reviewing the going-concern status of ARM in the short to medium term.
- Determining, implementing and monitoring policies, procedures and systems to monitor performance indicators and ensure the integrity of risk management and internal controls to protect ARM's assets and reputation.
- Monitoring and ensuring compliance with the company's policies, codes of best business practice, recommendations of King IV and all applicable laws and regulations.
- Adopting the information technology (IT) governance framework.
- Considering specific limits for the levels of ARM's risk tolerance.
- Defining levels of materiality, reserving certain powers for itself and delegating other matters to ARM management.
- Ensuring the company's annual financial statements are prepared and presented before a duly convened annual general meeting.
- Ensuring a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements, that the policy contains accepted principles of accurate and reliable reporting, including being transparent, understandable and consistent in communicating with stakeholders.
- Considering recommendations made by the nomination committee on new directors and reappointing retiring directors, both as executive and non-executive directors.
- Ensuring that the competency and other attributes of directors are suitable for their appointment in that capacity and for intended roles on the board, and that they are not disqualified in any way from being appointed as directors.
- Ensuring that appointments to the board are formal and transparent, and comply with all prescribed procedures.
- Ensuring a succession plan for executive directors and senior management is implemented.
- Selecting and appointing suitable candidates as chairmen and members of board committees.
- Ensuring annual performance evaluations are conducted for the board, executive chairman, chief executive officer, individual directors as well as board committees and their chairmen.
- Ensuring the board comprises an appropriate balance of executive and non-executive directors, with the majority of non-executive directors being independent and ensuring directors have the relevant knowledge, skills and experience to govern the company efficiently.

The charter also provides a clear division of responsibilities to ensure a balance of power and authority so that no one director has unfettered powers of decision-making.

BOARD OF DIRECTORS continued

BOARD EXPERIENCE

Our success is founded on a clear strategy to deliver competitive returns and sustainable value. The board draws on the wealth of knowledge and experience of its members to guide the company in achieving its strategic priorities. With a deep

understanding of our values, each director makes a valuable contribution to the responsible governance of the company.

The board has members of the appropriate calibre to provide the company with strategic direction. The breadth of specific and complementary skills of directors is illustrated below.

DIRECTORS	Commercial and business acumen	Economics	Engineering	Executive leadership	Financial acumen	Financial expert (including CA(SA))	Governance and ethics	Government relations experience	Human capital best practice	International experience	Legal and regulatory compliance
Executive											
Dr PT Motsepe (executive chairman)	●			●	●		●	●		●	●
MP Schmidt (chief executive officer)	●		●	●	●		●		●	●	●
TTA Mhlanga (finance director)	●			●	●	●	●			●	●
J Magagula	●	●		●	●					●	
HL Mkatshana	●		●	●	●		●	●	●	●	
Non-executive											
AK Maditsi (lead independent)	●			●			●	●	●	●	●
F Abbott (independent)	●			●	●	●	●			●	●
M Arnold	●		●	●	●	●	●			●	●
TA Boardman (independent)	●			●	●	●	●		●	●	●
AD Botha (independent)	●	●		●	●	●	●		●	●	●
JA Chissano (independent)							●	●	●	●	
WM Gule (independent)				●			●		●		
P Mnisi (independent)	●			●	●	●	●		●	●	●
DC Noko (independent)	●		●	●			●	●	●	●	●
Dr RV Simelane (independent)		●		●	●		●	●	●	●	●
JC Steenkamp (independent)	●		●	●	●		●			●	

Key

- Top three areas in which a director has more than 10 years' experience
- Other skills and experience



For more information on how the company delivers competitive returns and sustainable value, see the integrated annual report.

“THE RANGE AND DEPTH OF SKILLS AND EXPERTISE ON OUR BOARD HAS BEEN INVALUABLE AS WE NAVIGATE THE CURRENT SOCIAL, POLITICAL, ECONOMIC AND ENVIRONMENTAL CHALLENGES AND OPPORTUNITIES.”

DIRECTORS	Mining technical expertise	Mining strategy	Health and safety	Operational experience	Risk management	Stakeholder engagement	Strategic leadership	Sustainability best practice	Tax expertise	Technical insight	Technology and information	Transformation best practice
Executive												
Dr PT Motsepe (executive chairman)		●			●	●	●	●				●
MP Schmidt (chief executive officer)	●	●	●	●	●	●	●	●		●	●	●
TTA Mhlanga (finance director)		●			●		●		●		●	
J Magagula		●				●	●					
HL Mkatshana	●	●	●	●	●	●	●	●		●		
Non-executive												
AK Maditsi (lead independent)			●	●		●	●					
F Abbott (independent)							●		●			
M Arnold	●	●					●		●	●		
TA Boardman (independent)		●			●	●	●	●				●
AD Botha (independent)		●				●	●	●	●		●	●
JA Chissano (independent)							●					
WM Gule (independent)		●	●			●	●					●
P Mnisi (independent)		●	●	●			●		●			
DC Noko (independent)		●	●	●	●	●	●	●		●		
Dr RV Simelane (independent)		●	●		●	●	●	●				●
JC Steenkamp (independent)	●	●	●	●	●	●	●	●		●		●

- Top three areas in which a director has more than 10 years' experience
 ○ Other skills and experience

BOARD OF DIRECTORS continued

RE-ELECTION, ELECTION, INDUCTION, SUCCESSION AND BOARD PERFORMANCE ASSESSMENT

Re-election and election

The memorandum of incorporation requires that one-third of elected non-executive directors who have served in office longest since their last election retire by rotation at each annual general meeting. Being eligible, these non-executive directors may seek re-election. Messrs TA Boardman, AD Botha, JA Chissano and Dr RV Simelane are required to retire by rotation. They have made themselves available for re-election at the annual general meeting on Friday, 4 December 2020, or any adjournment.

Directors appointed by the board between annual general meetings hold office only until the next annual general meeting and are eligible for election. They are not included in determining the number of directors who are to retire by rotation. Ms AM Mukhuba stepped down from the board as finance director from 30 September 2020. The board undertook a process to identify a permanent successor for Ms Mukhuba. In September 2020, it announced the appointment of Ms TTA Mhlanga as the new finance director, with effect from 1 October 2020. Ms J Magagula was appointed by the board as executive director: investor relations and new business development from 18 December 2019 and Ms P Mnisi was appointed as an independent non-executive director from 30 September 2020. Given their appointments were between annual general meetings, they will stand for election at the annual general meeting on Friday, 4 December 2020, or any adjournment.

Induction and continuing education

Newly-appointed directors receive a comprehensive information pack, including the memorandum of incorporation, board charter, terms of reference of board committees, board policies and other relevant documents. In addition, key legislation and regulations, as well as corporate governance, financial and reporting documents, including minutes and administrative documents, are provided. Directors are encouraged to attend courses providing information and training on their duties, responsibilities, powers and potential liabilities.

Regulatory and legislative updates are provided regularly.

Succession

The nomination committee, together with the executive chairman, is responsible for succession planning for non-executive directors and monitors succession planning for executive directors.



For more succession on the nomination committee.

The company has a succession plan for executive directors and senior management.

Board performance assessment

The effectiveness of the board and committees is assessed annually. Independent external advisors assisted the nomination committee in evaluating the board, committees, executive chairman, chief executive officer and group company secretary and governance officer. We believe that external advisors assist in ensuring a rigorous and impartial evaluation process, which improves the board's effectiveness.

We are committed to transparency in assessing the performance of the board, its committees and individual directors as well as the governance processes that support board activities.

In the F2020 assessment process, the board considered its responsibilities in terms of its charter and was satisfied it had fulfilled these.

In addition to finding that the board functioned well, the assessment acknowledged the importance of refining the capital-allocation guiding principles, decisions to improve operational performance and continued focus on the diversity of the board. The board is satisfied that ARM is effectively responding to the Covid-19 pandemic. The findings of the F2020 assessment were considered by the board and a copy provided to the external auditor.

F2020 board performance assessment

The F2020 assessment focused on the effectiveness of the board, and included:

- Board composition
- Board meetings and content
- Roles of the executive chairman and company secretary
- Board accountability
- Appointment, induction and training of directors and succession planning
- Performance evaluation and remuneration
- Board committees
- Communication and stakeholder relations
- Board dynamics and leadership
- Strategic compliance and group performance
- Risk management and internal controls
- Technology and information governance
- Combined assurance
- Non-financial (sustainability) performance
- Integrated reporting
- Balance of power and authority
- Ethics.



Performance assessments of all executive directors, including the executive chairman and chief executive officer, are undertaken annually and form the basis of their remuneration as discussed in part II of the remuneration report.



BOARD MEETINGS

The board meets at least four times a year to consider the business and strategy of ARM. It reviews reports of the chief executive officer, finance director, divisional chief executives and other senior executives, chairmen of committees and independent advisors. In F2020, four board meetings and a budget workshop were held. ARM's strong balance sheet, efficient lines of reporting from operations/divisions, and robust governance structures at every level, required no special board meetings to manage unfolding Covid-19-related events. The enterprise risk management programme provided the framework for the company's effective response to both crisis management and business continuity. The two-day offsite strategy meeting was, however, postponed due to the Covid-19 pandemic.

Agendas for board meetings are prepared by the group company secretary and governance officer in consultation with the executive chairman, chief executive officer and finance director. Information provided to the board is compiled from external sources, such as independent third-party reports, and internally from minutes and plans as well as reports on safety, health, sustainable development, risk, finance, governance and legal matters likely to affect ARM. The first hour of quarterly board meetings is dedicated to training in areas pertinent to the business. Members of the board and senior executives consider the budget and review the company's three-year financial plan at the board's annual budget meeting.

GROUP COMPANY SECRETARY AND GOVERNANCE OFFICER

All directors have access to the services and advice of the group company secretary and governance officer, Ms AN D'Oyley (BCom, LLB, LLM). She is not a director of ARM and maintains an arm's-length relationship with the board.

The company secretary supports the board as a whole, and directors individually, by providing guidance on how to fulfil their related responsibilities in the best interests of ARM. To achieve these objectives, independent advisory services are retained by the company secretary at the request of the board or its committees. She maintains her knowledge of developments in corporate governance best practice and regulation.

The board appointed the group company secretary and governance officer in line with the requirements of the Companies Act. In August 2020, on recommendation of the nomination committee, the board considered details of her competence, qualifications and experience as well as results of the F2020 board assessment. The board remains satisfied with the competency and experience of the group company secretary and governance officer.

BOARD OF DIRECTORS continued

ADVICE AND INFORMATION

There is no restriction on a director's access to company information, records, documents and property. Non-executive directors have access to management and regular interaction is encouraged. All directors are entitled to seek, at the company's expense, independent professional advice on the affairs of the company.

MEETING ATTENDANCE

F2020 board and committee meeting attendance

	BOARD		COMMITTEES					
	Board	Budget	Audit and risk	Investment	Nomination	Non-executive directors	Social and ethics	Remuneration
Number of meetings¹	4	1	7	4	4	4	4	3
Dr PT Motsepe (executive chairman)	4/4	1/1	–	–	–	–	–	–
MP Schmidt (chief executive officer)	4/4	1/1	–	–	–	–	–	–
F Abbott	4/4	1/1	–	4/4	–	4/4	–	–
M Arnold	4/4	1/1	–	4/4	–	4/4	–	–
Dr MMM Bakane-Tuoane	4/4	1/1	7/7	–	4/4	4/4	4/4	3/3
TA Boardman	4/4	1/1	7/7	–	–	4/4	–	3/3
AD Botha	4/4	1/1	7/7	4/4	–	4/4	–	3/3
JA Chissano ^{2, 3}	3/4	1/1	–	–	3/4	3/4	1/3	–
WM Gule	4/4	1/1	–	–	–	4/4	–	–
AK Maditsi ³	3/4	1/1	7/7	4/4	4/4	4/4	4/4	3/3
J Magagula ⁴	2/2	1/1	–	–	–	–	–	–
HL Mkatshana	4/4	1/1	–	–	–	–	–	–
AM Mukhuba	4/4	1/1	–	–	–	–	–	–
DC Noko ^{3, 5}	4/4	0/1	–	3/3	–	3/4	3/3	–
Dr RV Simelane ³	4/4	1/1	6/7	–	4/4	4/4	4/4	–
JC Steenkamp	4/4	1/1	–	4/4	–	4/4	4/4	–
ZB Swanepoel ⁶	3/3	–	–	3/3	–	3/3	3/3	–
AJ Wilkens ⁷	2/2	–	–	–	–	–	–	–

¹ Includes attendance at board meetings by directors of the company and attendance at committee meetings by committee members.

² Mr JA Chissano was appointed to the social and ethics committee in August 2019. As a former head of state, he was excused from certain board and committee meetings as he chaired or was a member of a number of initiatives on peace and stability, HIV and Aids, and collaboration among African, Asian and European states.

³ Absent with leave of board or committee. Each director or committee member received meeting materials beforehand and contributed as necessary.

⁴ Ms J Magagula was appointed to the board from 18 December 2019.

⁵ Mr DC Noko was appointed to the investment and social and ethics committees in August 2019, and was appointed as chairman of the investment committee in March 2020.

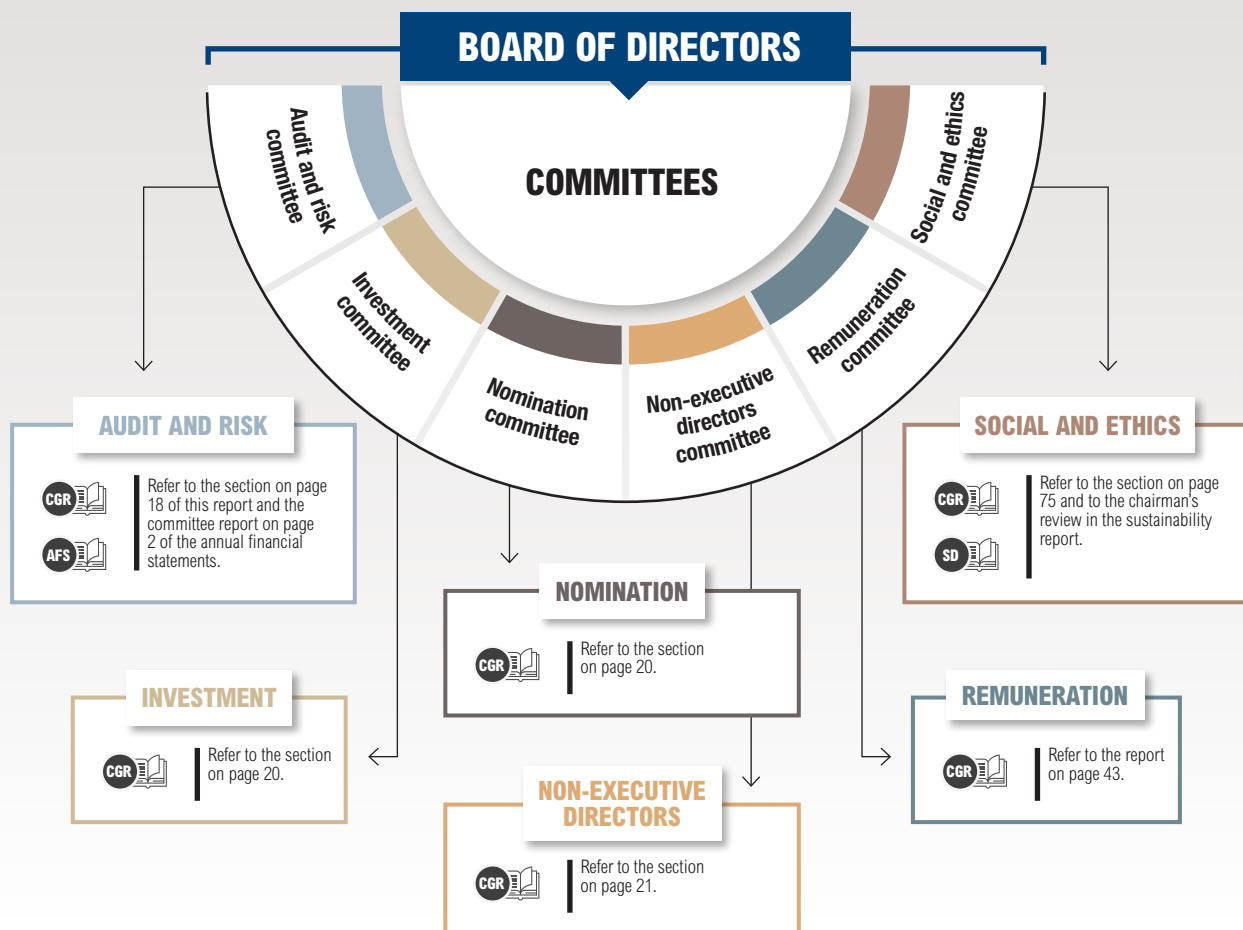
⁶ Mr ZB Swanepoel resigned from the board effective 2 March 2020.

⁷ Mr AJ Wilkens resigned from the board effective 18 December 2019, prior to the budget meeting.

FOCUS AND ADDING VALUE

In the review period the board focused on:

- Overseeing the Covid-19 response
- Updating the company's strategy
- Optimising our portfolio of assets, including approval of the Two Rivers plant upgrade
- Considering proposals to grow and optimise efficiencies in the ARM Ferrous division
- Introducing amendments to the remuneration policy, including new personal performance measurement for short-term incentives
- Updating the information technology strategy
- Monitoring the company's tailings storage facilities
- Making changes to the composition of the board
- Participating in the establishment formed in terms of the silicosis class action settlement
- Approving a share buyback programme



COMMITTEES

Our board and committees

The board has established committees to assist in fulfilling the responsibilities set out in its charter, promote independent judgement and ensure a balance of power. The board acknowledges that delegating authority to these committees does not detract from its responsibility to discharge its fiduciary duties to the company.

Each committee is chaired by an independent non-executive director, and has its own terms of reference setting out roles and responsibilities, functions, scope of authority and composition. These are reviewed annually by the board. In 2020, the board approved amendments to all committees' terms of reference.

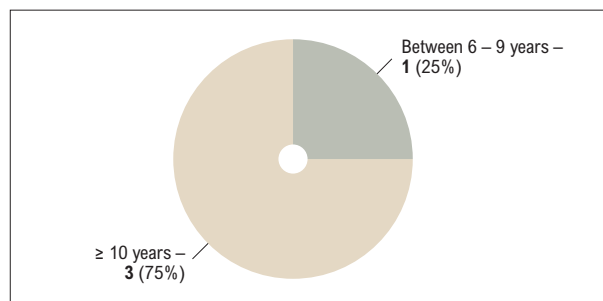
The F2020 assessment process concluded that each committee was satisfied it had fulfilled its responsibilities against its terms of reference. The qualifications and experience of each committee member are included under board experience on pages 12 and 13.

Audit and risk committee

Member	Member since
TA Boardman (chairman)	February 2011
AD Botha	June 2010
AK Maditsi	July 2004
Dr RV Simelane	July 2004

¹ Dr MMM Bakane-Tuoane resigned from the board from 29 September 2020.

Tenure: audit and risk committee



The audit and risk committee is constituted as a statutory entity of the board in terms of section 94 of the Companies Act and its composition complies with the provisions of that section.



The report of the audit and risk committee begins on page 2 of the annual financial statements.

Composition

The audit and risk committee comprises four independent non-executive directors, with extensive relevant experience. After many years of service, Dr MMM Bakane-Tuoane resigned from the board in September 2020. In line with the guidelines in King IV, the committee chairman is an independent non-executive director, a CA(SA) and a financial expert. The chief executive officer, finance director and other senior executives attend meetings at the committee's request.

Meetings

The committee acts as a forum for communication between the board, management and the external and internal auditors. It is required to meet at least six times a year. Seven meetings were held in F2020.



See meeting attendance summary on page 16.

Responsibilities

The primary objective of the audit and risk committee is to assist the board in discharging its duties to safeguard ARM's assets; operate adequate systems, internal controls and control processes; and prepare accurate financial reports and statements that comply with all applicable legal requirements, corporate governance and accounting standards, as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the company. It also oversees financial and other risks in conjunction with the social and ethics committee. In fulfilling its oversight responsibilities, the committee reviews and discusses the audited financial statements with management and ARM's external and internal auditors.



For more information see the financial review.

The committee has oversight of the audit committees of the company's subsidiaries and joint ventures. The committee monitors, inter alia, the implementation of the code of conduct, tax policy and treasury policy, including major corporate facilities. The committee also receives reports from the technology and information committee.



For more information on technology and information, see the technology and information report.

Based on its terms of reference, a comprehensive agenda framework and work plan is prepared to ensure all tasks assigned to the committee are considered at least once a year.

FOCUS AND ADDING VALUE

In adding value to the company and its governance in the review period, the committee executed its duties and responsibilities, including considering:

- External auditor accreditation and reappointment
- Approving and monitoring the external auditor's plan and scope of work, and key audit matters
- Reviewing financial statements and the appropriateness of all published results
- Legal and regulatory requirements that may have an impact on the financial statements
- Approving and monitoring the internal auditors plan and scope of work
- Management's action on internal audit findings
- Compliance with the Companies Act, King IV, JSE Listings Requirements and other applicable regulatory requirements and governance frameworks
- Risk management, regulatory requirements and reputational matters
- Technology and information governance including the information and technology strategy
- The effectiveness of ARM's internal controls
- Management's implementation of IFRS 16: Leases
- JSE's proactive monitoring report in terms of the five-year review cycle
- The proposal to the board that ARM enter into a new loan with the ARM Trust at, inter alia, zero percent interest or such rate determined by ARM from time to time, the proceeds of which will be used by the ARM Trust to repay in full all amounts outstanding to ARM under the existing ARM loan.
- The increase in the decommissioning and restoration provision for Nkomati
- The impact of Covid-19 on the financial statements, funding arrangements and business
- The ARM Coal impairment
- The unvalidated ARM Coal receivable.

FOCUS AREAS FOR F2021

In F2021, the audit and risk committee will consider:

- The ongoing impact on ARM of the Covid-19 pandemic
- The outcome of the investigation into the ARM Coal receivable
- The effective operation of the group and company's financial systems, processes and controls, and their capacity to respond to industry and environment changes
- Management's implementation of the financial provisioning regulations of the National Environmental Management Act and other pronouncements and standards
- The impact of developments in the audit industry to ensure continued audit independence and objectivity.

Financial reporting process

The committee oversees the company's financial reporting process on behalf of the board, which is responsible for preparation of the financial statements and maintaining effective internal control over financial reporting.

It meets with the internal and external auditors regularly to discuss the results of their examinations, their evaluation of ARM's internal controls and the overall quality of its financial reporting. The committee also discusses the scope and plans for the respective audits by ARM's internal and external auditors. These auditors are invited to attend committee meetings.

The committee performs its review function over all ARM's operations. To assist the committee with these reviews, all operational joint ventures have audit committees. The chairmen of the audit committees of subsidiaries and joint ventures report to the ARM audit and risk committee, highlighting areas of concern and remedial action by management. In addition, minutes of audit committee meetings as well as internal and external audit reports of all operations are submitted to the ARM audit and risk committee.

In assessing the appropriateness of financial reporting processes, the committee reviews the finance function and finance director's qualifications and experience. Following the 2020 review, the committee was satisfied with the performance of the former finance director, Ms AM Mukhuba. With experienced finance executives reporting to her, the committee concluded that the finance function was adequately resourced and the finance director had the necessary experience and expertise to discharge her responsibilities. The committee also considered the experience of the new finance director, Ms TTA Mhlanga.

External auditor

After due consideration, the audit and risk committee believes the independent registered audit firm, which is responsible for expressing an opinion on the conformity of the audited financial statements with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, is independent of ARM and its management.

On the recommendation of the committee at the annual general meeting, shareholders will be requested to reappoint Ernst & Young Inc. (EY) as external auditor of the company and that Mr PD Grobbelaar be reappointed as the designated individual auditor for F2021. EY and Mr Grobbelaar are registered with the JSE as per the JSE Listings Requirements.

The principles for using external auditors for non-audit services are set out in a formal policy. The finance director is authorised to engage the external auditor for non-audit services not exceeding a fee of R200 000 (excluding value-added tax and disbursements). Matters where the fee will exceed R200 000 must be preapproved by the audit and risk committee. The policy also prescribes permitted non-audit services. In F2020, total group non-audit service fees were <R1 million.



See note 29 of the annual financial statements.

Internal control and internal audit

The board – assisted by the audit and risk committee, management risk and compliance committee and the outsourced internal auditors – reviews the company's risk profile annually. In terms of the risk-based internal audit programme approved annually by the audit and risk committee, the internal auditors perform a number of reviews to assess the adequacy and effectiveness of systems of internal control and risk management. The results of these reviews, together with updates on corrective action by management to improve control systems, are reported to the audit and risk committee and board.



The management risk and compliance committee reports to the audit and risk committee and its report begins on page 29.

Risk management

The audit and risk committee is responsible for oversight of the management of risks and opportunities within the board's stated risk appetite and tolerance levels and receives and considers reports on risk-related matters including enterprise risk management, whistleblower claims, insurance, tailings storage facilities management, major litigation, compliance, legal developments and combined assurance.



For more on risk management, see the risk report. For more on tailings storage facilities, see the tailings storage facilities management and governance report in the corporate governance report and the sustainability report.

Investment committee

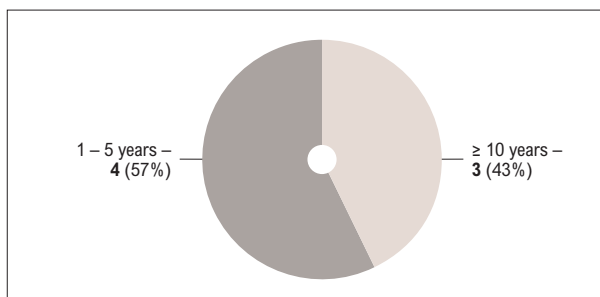
Member ¹	Member since
ZB Swanepoel (chairman until 2 March 2020) ¹	July 2004
DC Noko (chairman from 2 March 2020) ²	August 2019
TA Boardman	September 2020
F Abbott	August 2009
M Arnold	October 2018
AD Botha	August 2009
AK Maditsi	February 2007
JC Steenkamp	April 2018

¹ Mr ZB Swanepoel resigned from the board from 2 March 2020.

² Mr DC Noko was appointed as committee chairman from 2 March 2020.

COMMITTEES continued

Tenure: Investment committee



Composition

The investment committee comprises seven non-executive directors, six of whom are independent. Mr ZB Swanepoel resigned from the board and investment committee and Mr DC Noko was appointed committee chairman on 2 March 2020. The expertise of the committee was augmented with the appointment of Mr TA Boardman in September 2020. Invitees include the chief executive officer, finance director, executive: investor relations and new business development, executive: corporate development, group executive: legal, and divisional chief executives. Other senior executives and external advisors attend as required.

Responsibilities

The committee's purpose is to monitor implementation of the capital allocation model and consider substantial investments proposed by management, including mining projects, asset acquisitions and disposals, and to make appropriate recommendations to the board. It also reviews results after the completion of each project.

Meetings

The investment committee is required to meet at least once a year. Four meetings were held in F2020.



See meeting attendance summary on page 16.

FOCUS AND ADDING VALUE

In adding value to ARM's governance in the review period, the committee focused on:

- Making recommendations to the board to optimise our portfolio of assets, including the Two Rivers plant upgrade
- Monitoring proposals to grow and optimise the efficiencies of the ARM Ferrous division.
- Considered and recommended the proposal for share buyback programme to the board for approval
- Considered whether to follow the Harmony rights issue.

In F2021, the committee will continue to monitor proposals to optimise our portfolio.



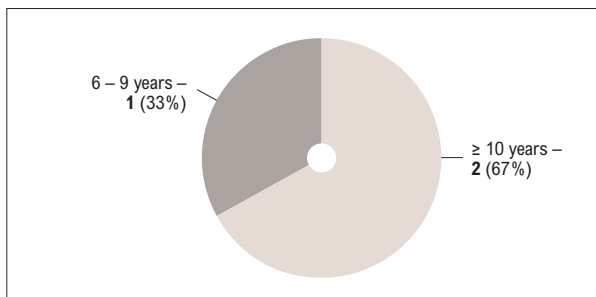
Refer to the operational reviews from page 54 of the integrated annual report.

Nomination committee

Member ¹	Member since
AK Maditsi (chairman)	July 2004
JA Chissano	August 2012
Dr RV Simelane	August 2009

¹ Dr MMM Bakane-Tuoane resigned from the board from 29 September 2020.

Tenure: Nomination committee



Composition

The nomination committee comprises three independent non-executive directors. It assists the executive chairman to lead the annual performance evaluation of the chief executive officer and other directors, as well as evaluating the board as a whole and its committees. It assists the lead independent director with the annual performance evaluation of the executive chairman, assisted by the group company secretary and governance officer.



Refer board performance assessment on pages 14 and 15.

Responsibilities

The committee is responsible for establishing formal and transparent procedures for appointing directors; recommending to the board suitable candidates for appointment as members and chairs of its committees; ensuring compliance with provisions of the memorandum of incorporation on rotation of directors; and making recommendations to the board on the eligibility of retiring directors for re-election.

It is also responsible for evaluating the board and its committees; developing a formal induction programme for new directors; and overseeing access by directors to external continuing professional development programmes.

It reviews the structure, composition and size of the board and makes recommendations to the board on any changes considered necessary to enhance the effectiveness of the board, including recommendations on the general composition of the board and balance between executive and non-executive directors. The committee deals with succession planning for the executive chairman, chief executive officer and other directors.

During the year, Messrs ZB Swanepoel and AJ Wilkens resigned from the board. Ms AM Mukhuba, resigned effective 30 September 2020 and Ms TTA Mhlanga was appointed as the new finance director effective 1 October 2020. The nomination committee made recommendations to the board to appoint Ms J Magagula as executive director of investor relations and new business development in December 2019 and Ms P Mnisi as an independent non-executive director in September 2020.

After considering membership across board committees holistically, it makes recommendations to the board, based on the qualifications, experience and availability of candidates, to ensure each committee has the necessary knowledge, skills and experience to carry out its mandate effectively. In March 2020, the nomination committee recommended that Mr DC Noko be appointed as chairman of the investment committee and in September 2020 that Mr TA Boardman be appointed as an investment committee member.

Meetings

In line with JSE Listings Requirements, the nomination committee is chaired by the lead independent non-executive director, Mr AK Maditsi. Dr PT Motsepe, executive chairman, attends committee meetings as an invitee. As specified in its terms of reference, the committee must hold at least one meeting per year. In F2020, there were four scheduled meetings.



See meeting attendance summary on page 16.

FOCUS AND ADDING VALUE

In F2020, the committee made recommendations to the board to:

- Promote diversity in board membership
- Make appointments to augment the knowledge, skills and experience on committees.



For more on diversity and inclusion, see page 10.

Non-executive directors' committee

Member ¹	Member since ²
AK Maditsi (chairman)	May 2009
M Arnold	December 2017
F Abbott	May 2009
TA Boardman	February 2011
AD Botha	August 2009
JA Chissano	May 2009
WM Gule	July 2013
P Mnisi	September 2020
DC Noko	October 2017
Dr RV Simelane	May 2009
JC Steenkamp	October 2017

¹ Mr ZB Swanepoel resigned effective 2 March 2020 and Dr MMM Bakane-Tuokane resigned effective 29 September 2020.

² The committee was established in May 2009.



See page 10 for additional information about independence.

Composition

The non-executive directors' committee comprises all non-executive directors and meets formally each quarter without management. Meetings are chaired by the lead independent non-executive director, Mr AK Maditsi.

Responsibilities

The committee provides a forum for non-executive directors to consider and discuss issues of importance to ARM, including promoting increased investor confidence, stimulating business growth, encouraging effective business leadership, fostering sustainable long-term growth in both the social and economic arenas, as well as cultivating and promoting an ethical corporate culture.

Meetings

Four meetings were held in F2020.



See meeting attendance summary on page 16.

FOCUS AND ADDING VALUE

In adding value in F2020, the committee considered management's response to the Covid-19 pandemic. It provided feedback to the board and management to enhance the effectiveness of the strategic process.

Remuneration committee

The remuneration committee ensures the alignment of ARM's remuneration practices with its strategic direction and that the leadership team is rewarded for performance outcomes.



The remuneration report begins on page 43, with a summary in the integrated annual report.

Social and ethics committee

The social and ethics committee monitors and reports on the manner and extent to which ARM protects, enhances and invests in the economy, society the natural environment in which it operates to ensure its business practices are sustainable.



Refer to committee report on page 75 and sustainability report on our website.

Ad-hoc board committees

The board has the right to appoint and authorise special ad-hoc committees, with the appropriate board members, to perform specific tasks as required.

Management committees and forums

ARM has various management committees and forums comprising executive directors and senior executives. These are considered essential to its functioning and ensure the appropriate control and provision of information to the board.

Executive committee

This committee is chaired by the executive chairman. Standard agenda items include strategic matters, reports from the chief executive officer, finance director, divisional chief executives and other senior executives.

COMMITTEES continued

Management risk and compliance committee**Composition**

The committee is chaired by the chief executive officer. Members include the finance director, divisional chief executives, chief risk officer, executive: sustainable development, chief information officer, group executive: legal and other senior executives. The internal auditor is invited to attend the annual corporate risk workshop. The chairman of the committee and chief risk officer attend audit and risk as well as social and ethics committee meetings and report on the activities of this committee. The chief executive officer and chairman of the audit and risk committee report on risk matters to the board. The chief risk officer and executive: sustainable development are also invited to attend board meetings to respond to any risk-related matters raised by directors.

Responsibilities

This committee assists the audit and risk committee in discharging its duties on risk matters by implementing, coordinating and monitoring a risk management plan, policy and processes to ensure that broader strategic and significant business risks are identified and quantified, with attendant controls and management assurance. Its terms of reference are reviewed annually and were amended in F2020.

Meetings

In 2020 the committee held four meetings, including the annual corporate risk workshop.



For more on the risk management programme and our approach to sustainability, see risk report from page 30 and sustainability report on our website.

Steering committee

The steering committee implements management policy and considers other operational matters. It is chaired by the chief executive officer and members include executive directors and senior management. It meets quarterly. All steering committee members are invited to attend the board budget workshop.

Covid-19 response committee

The Covid-19 response committee is an ad-hoc body chaired by the chief executive officer and members include executive directors and senior management. During the initial Covid-19 lockdown, the committee met three times a week, and continues to meet regularly.

Growth and strategic development committee

This committee evaluates growth opportunities and plans the content for the two-day strategy session with the board. Chaired by the chief executive officer, the committee meets regularly and provides feedback to the executive chairman. Its members include the chief executive officer, finance director, executive director and chief executive: ARM Platinum, executive director: investor relations and new business development, group executive: legal, executive: corporate development and the divisional chief executives. Other senior executives attend meetings by invitation.



For more on strategic development, see the strategy section in the integrated annual report.

Employment equity and skills development committee**Composition**

The committee is chaired by Mr HL Mkatshana, an executive director and chief executive of ARM Platinum. Members include representatives from management, occupational categories as well as designated and non-designated groups, including the chief executive officer, finance director, group executive: human resources, divisional chief executives, executive: ARM Platinum corporate affairs and group executive: compliance and stakeholder relations. The group executive: human resources is the legally appointed and designated senior employment equity manager for the ARM group in terms of section 24(1) of the Employment Equity Act 55 1998. The designated manager reports directly to the employer on all matters involving the development, implementation and monitoring of the employment equity plan. The committee meets quarterly. Its chairman and group executive: human resources attend and report at social and ethics committee and board meetings.

Responsibilities

The committee considers employment equity, transformation, talent management, succession planning and skills development strategies across the company.



For more on human capital, see the sustainability report on our website.

Treasury committee**Composition**

Members include the finance director, senior finance executive: operations and divisional finance executives as well as the company financial manager. Representatives of Andisa Treasury Solutions, to which the treasury function is outsourced, attend meetings by invitation.

Responsibilities

This committee implements treasury policy and reviews operational cash flows, currency and interest rate exposures, as well as funding issues in the group.

While not performing an executive or decisive role in deliberations, Andisa implements decisions taken when required. Advice is also regularly sought from other advisors.

Tax forum

The forum collaborates with the business to provide advice and guidance, consider all tax matters, queries and industry developments and ensure tax compliance.

The forum meets quarterly under the chairmanship of the senior executive finance: corporate and tax, who provides feedback to the audit and risk committee.



For more on treasury and tax matters, see the financial review in the integrated annual report.

ETHICS

Through our code of conduct, we confirm our commitment to high ethical and legal standards in dealing with all our stakeholders. All directors and employees are required to maintain these standards so that ARM's business is conducted honestly, fairly, legally, reasonably and in good faith. The code was updated in 2020, and an updated online training programme rolled out at the corporate office and our operations.



The code of conduct is available on the ARM website www.arm.co.za.

Conflicts of interest

The code includes a policy that prohibits accepting any gift that may be construed as an attempt to influence an employee, regardless of value. Accepting gifts within policy parameters must be approved beforehand by a member of the executive. Directors disclose their interests at board and committee meetings.

Disclosure

The code includes a policy on communications that encourages complete, accurate and timely communication with the public. The chief executive officer, finance director, executive director: investor relations and new business development and group company secretary and governance officer oversee compliance with disclosure under the JSE Listings Requirements.

Whistleblower facility

Our whistleblower policy provides for an independent facility to enable employees and other stakeholders to report, confidentially and anonymously, any unethical or risky behaviour. Information about the facility is included in the code and contact information is posted in each company office.

Initiatives to heighten awareness of this facility are implemented regularly. We have put formal procedures in place to ensure that each whistleblowing report is investigated and that policy and procedures are revised, where applicable, with feedback reports provided to the operators of the facility. No material non-compliance incidents were reported in 2020.



For more information on the code and whistleblower facility, see the sustainability report on our website www.arm.co.za.

COMMENT FROM SUSTAINABILITY ASSURANCE PROVIDER:

"As part of the scope of work to provide independent third-party assurance over ARM's sustainability reporting, IBIS ESG Consulting Africa (Pty) Ltd conducted an assessment of ARM's ethics policies and procedures, in line with King IV recommendations.

Based on our review, including observations and interviews during visits to selected sites, ARM employs a comprehensive set of policies (eg the code of conduct), procedures, systems and controls to meet reasonable expectations for the monitoring and management of ethical compliance throughout its operations."



IBIS ESG Consulting's comprehensive assurance statement appears in the sustainability report on our website www.arm.co.za.

Legal compliance

The company has a legal compliance policy. Internal and external legal compliance and operational audits are regularly conducted at all operations, and any instances of non-compliance with regulatory requirements are reported to management for corrective action.



For more on legal and environmental compliance, see the sustainability report on our website www.arm.co.za.

Dealings in securities and insider-trading policy

ARM has a policy on dealing in securities and insider trading, and enforces closed periods as per legislation and regulations. During these times, directors, officers and designated people are precluded from dealing in ARM securities. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening laws and regulations.



The policy is available on the ARM website www.arm.co.za.

INVESTOR RELATIONS AND COMMUNICATION WITH STAKEHOLDERS

We are committed to transparent, comprehensive and objective communication with our stakeholders. Our stakeholder communication policy is included in the code.

Shareholders are encouraged to attend annual general meetings and to engage with the board and senior management.

Under the leadership of the executive director: investor relations and new business development, delines. Our investor relations department is responsible for communicating with institutional shareholders, the investment community and the media.

We have developed a comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts. Engagements include individual meetings between senior executives and institutional investors locally and internationally, as well as investor roadshows and conferences.



Additional information on engaging with key stakeholders is on page 48 of the integrated annual report and in the sustainability report.

ANNUAL GENERAL MEETINGS

Board members and the external and internal audit partners attend annual general meetings to respond to shareholders' questions.



The notice of annual general meeting is available on our website www.arm.co.za.



Technology and information governance

Information technology and information management (IT) form the cornerstone of ARM's intellectual capital. These are key in driving the business-technology partnership, enabling digital transformation and ensuring cybersecurity is proactively managed. The IT function aims to create business value through innovation and continuously improving information, communication and technology services cost effectively.



Following a delay due to the Covid-19 pandemic, an integrated enterprise resource planning (ERP) system was rolled out early in F2021, incorporating finance, procurement, inventory, safety and people management. This is in line with the goal of enabling digital transformation and enhancing efficiency.

This business value was clearly demonstrated in the review period, as the IT team rapidly developed and implemented its Covid-19 response plan centred on three elements: **prevent**, **protect** and **enable**. Given that the stability, reliability and cybersecurity of IT services are critical to ensure all ARM business functions can continue working irrespective of location:



Prevent addresses the need for IT personnel to follow the necessary hygiene practices while supporting end users and addressing risks associated with shared devices. IT personnel continue to sanitise all equipment that is received, handled or returned.

Protect includes mitigation plans to ensure uninterrupted technology services to ARM, such as:

- IT services support plan for onsite and offsite users (those working remotely)
- Reviewing the supply chain for all IT equipment and monitoring delivery performance
- Reviewing continuity plans for critical services including hosting, connectivity, infrastructure and applications
- Increasing the internet gateway capacity to accommodate additional network traffic from remote locations
- Daily performance monitoring of the wide area network, internet gateway connections, business systems and data flow for all operations
- Enhanced cybersecurity monitoring on ARM firewalls
- Monitoring email security for attacks.

Enable addresses key areas to ensure all business users can continue to work through lockdown by:

- Assisting all users to work remotely as far as possible with secure solutions including video conferencing, teleconferencing and secure network connections
- Assistance to enable team meetings and required collaboration across the business, and externally, using appropriate, secure technology tools
- Assisting users who faced challenges using public data networks
- Providing alternate options for users to continue working through remote desktop connections
- Fast-tracking online signatures for documents, orders and contracts; which enabled approvals through a secure and encrypted online platform.



IT ACCOUNTABILITY

The board affirms its responsibility for the governance of technology and information. The governance model reflects both business and IT requirements, while focusing on strategic alignment, value delivered, risk management (including information security, resilience, legislative as well as health and safety compliance), resource management and performance management.

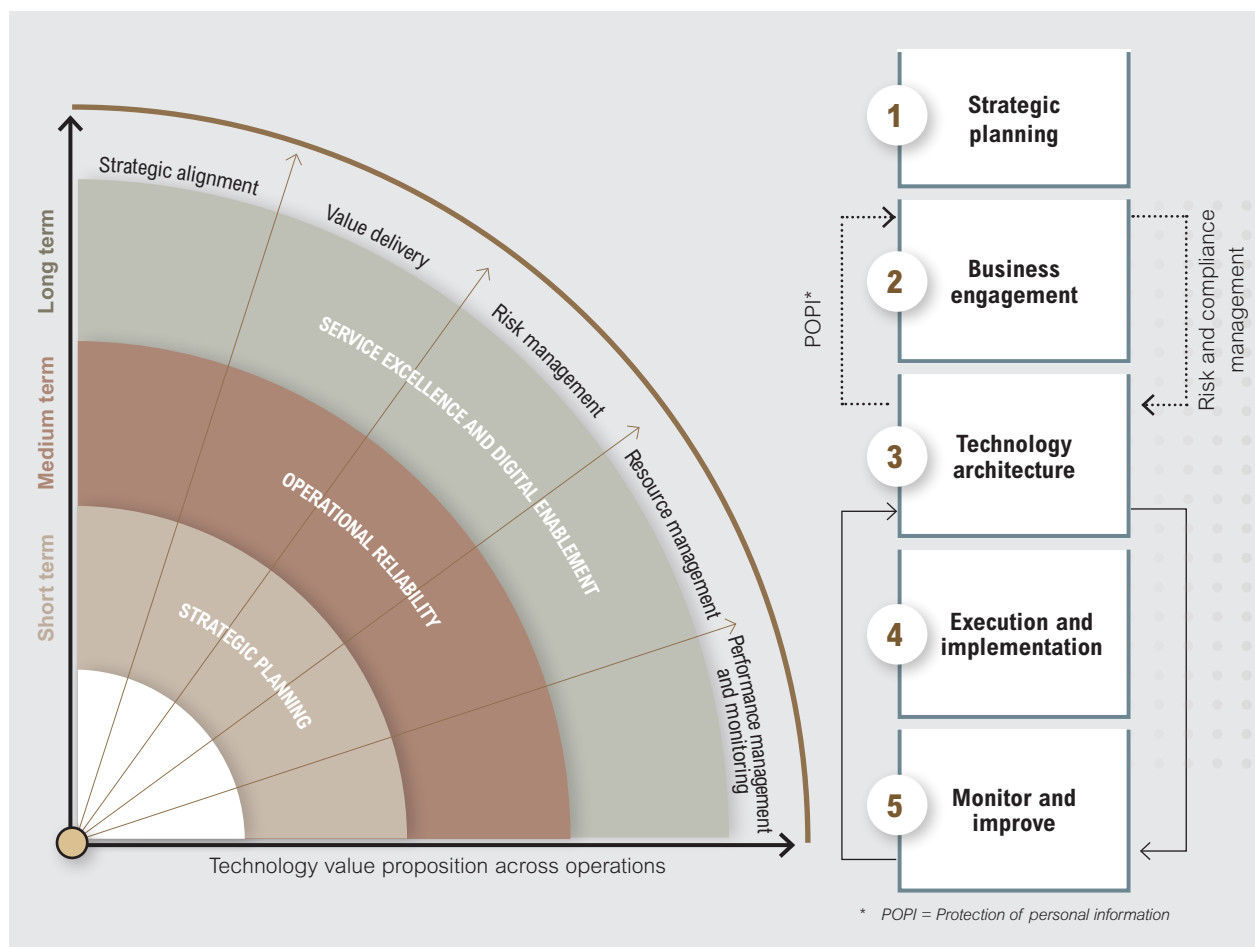
The role of chief information officer is temporarily vacant and the function is fulfilled by two senior managers responsible for infrastructure/IT project cost management and project administration/IT administration, respectively under the leadership and supervision of the finance director. These managers jointly manage the day-to-day IT operations with

oversight delegated by the board to the audit and risk committee. In addition to board and audit and risk committee meetings, the IT managers attend social and ethics committee meetings to report on IT-matters. It is expected that a new chief information officer will be appointed by November 2020.

IT GOVERNANCE FRAMEWORK

IT governance aligns with international standards, embodied in a combination of the CoBIT (Control Objectives for Information Technology) and ITIL (Information Management Infrastructure Library) frameworks. These are reviewed periodically to consider organisational changes, international developments and changing risk profiles. Governance aspects are continually measured and monitored by the chief information officer, with quarterly reports to the appropriate oversight committee.

Key elements: information technology governance framework



TECHNOLOGY AND INFORMATION GOVERNANCE continued

REVIEW OF F2020

In addition to developing and implementing the IT Covid-19 response plan, the team has focused on enhancing integration and automation across IT and operational technology environments, and improving cybersecurity controls. Initiatives included:

- Aligning IT with ARM organisational objectives
- Enhancing wide area network reliability through increased redundancy and automation
- Continually improving cybersecurity controls for IT and operational technology environments.
- Enhancing cybersecurity capability and user awareness
- Implementing process automation to improve efficiencies
- Consolidating and modernising business applications
- Establishing improved network communications for mining and processing operations to support process automation and digitisation
- Driving adoption of infrastructure and application cloud services, together with company-wide user identity management for better collaboration
- Implementing Oracle JD Edwards go-live at Black Rock mining operation, with a defined template that will be implemented at Khumani and Beeshoek operations.



See performance scorecard on page 28.

FOCUS FOR F2021

In addition to the ongoing implementation of the IT Covid response plan, the team will focus on unlocking value from its progress in enhanced security, integration and automation:

- Verify that the delivered IT functions now provide the required organisational objectives through our project evaluation technique
- Implement the last cybersecurity components and maintain cybersecurity levels through monitoring and continuous improvements
- Acquire security performance feedback from advanced services and build additional capacities back into the overall service where required
- Optimally use implemented process automation tools
- Fully integrate updated ERP system versions now in place
- Use enhanced network capabilities and complete the redundant network installation
- Complete pilot project to roll cloud services out on a larger scale
- Implement identity management protocols to enhance user experience and security
- Support enhanced ERP environment to ensure stability, and create an environment where the latest functions may be used.

TECHNOLOGY AND INFORMATION COMMITTEE

Composition

The committee is chaired by the chief executive officer, and members include the finance director, divisional chief executives, chief information officer and chief risk officer. The committee chairman and chief information officer attend and report at management risk and compliance committee meetings as well as audit and risk committee meetings.

Responsibilities

The committee implements the strategy and governance framework, and develops IT policies and procedures. It meets quarterly, supported by ARM Ferrous and ARM Platinum IT steering committee meetings, which in turn are supported by monthly IT business solutions and fortnightly IT technical operations' committees. The ARM Coal audit committee is responsible for coal division IT matters.

BOARD OF DIRECTORS

ARM audit and risk committee

ARM management risk and compliance committee

Technology and information committee*

ARM
Ferrous

Information technology
steering committee

IT business solutions

ARM
Platinum

Information technology
steering committee

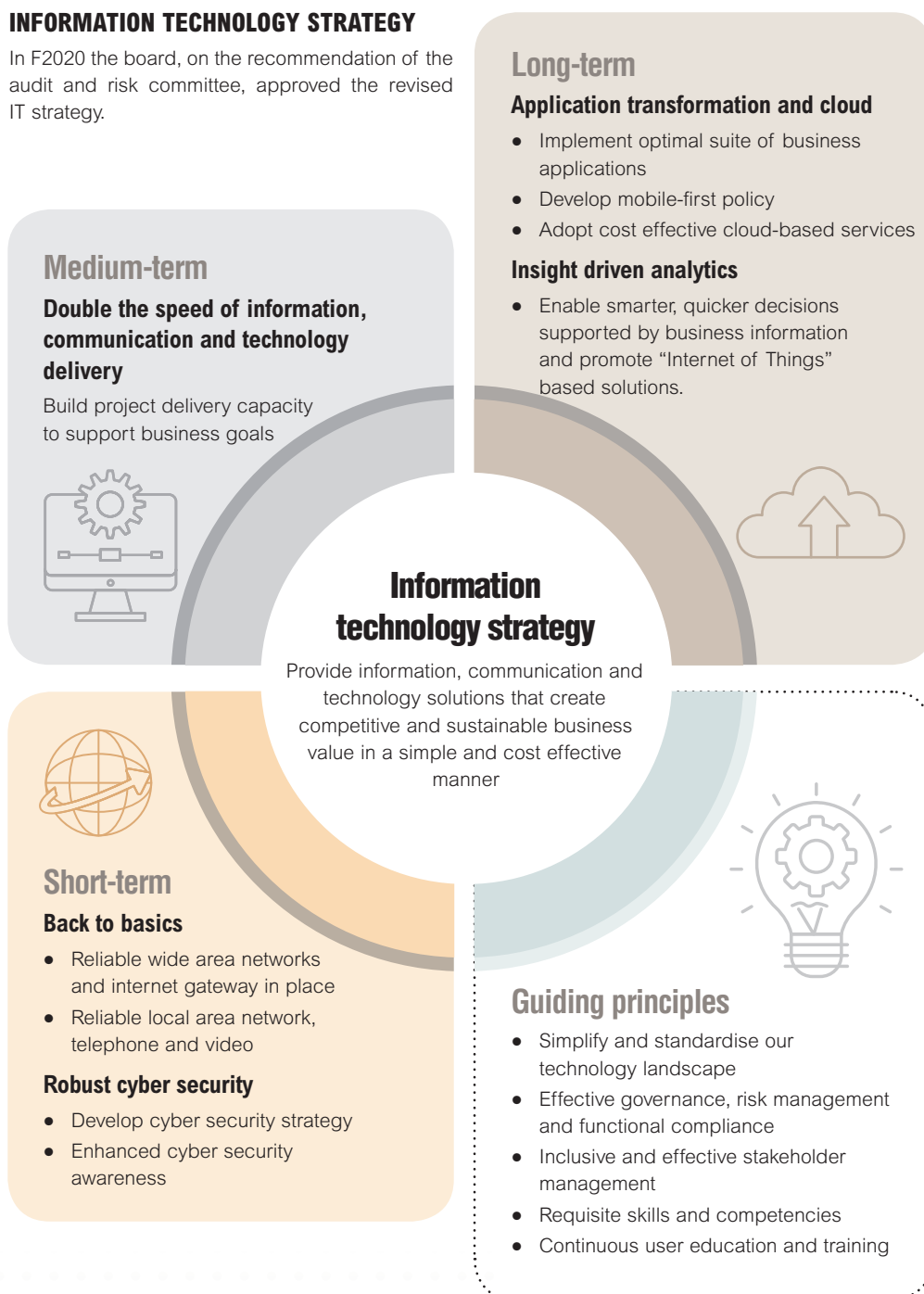
IT business solutions

IT technical operations' committees

* Functions include responsibility for the corporate information technology steering committee.








INFORMATION TECHNOLOGY STRATEGY

In F2020 the board, on the recommendation of the audit and risk committee, approved the revised IT strategy.



TECHNOLOGY AND INFORMATION GOVERNANCE continued

TECHNOLOGY AND INFORMATION PERFORMANCE SCORECARD

Governance dimension and F2020 objectives	Performance against F2020 objectives	2021 objectives
Strategic alignment		
Board approval of revised IT strategy.	ACHIEVED  Board approved revised IT strategy	Develop policies to implement IT strategy and objectives
Risk management		
IT governance		
Implement strategic roadmap objectives and continually align to ARM's enterprise risk management policy. Comply to IT governance framework.	ACHIEVED  Regular risk reviews are being conducted and aligned to IT priorities	Incorporate risk review results and audit feedback into existing and new IT services
Group IT policy review to align to new risks, laws and actively manage King IV of protection of personal information (POPI) compliance.	ONGOING  Review of IT policies final version and subsequent implementation	King IV and POPI requirements reviewed in governance framework and built into new policies
Information security		
Cybersecurity training and campaigns to enhance end-user awareness. Appropriate solutions were successfully deployed, resulting in effective asset and licence management	ACHIEVED  User awareness is constantly updated	Appointment of key staff and services under way for optimal cybersecurity threat management
Value delivery		
Upgrade Oracle HR application. Develop an integrated HR enterprise architecture for disparate systems, leveraging cloud services and enhanced functionality	ACHIEVED  Planned software migration Complete	
Oracle JD Edwards upgrade	ACHIEVED  Configuration of application and user acceptance testing	Complete implementation of the first operation and use defined template for second and third operations
Resource management		
Modern automated patching cycle and roles between ARM corporate and operations	ACHIEVED  Implemented process with new roles and patching frequency	Further training and certification of IT personnel on automation to provide more advanced automation functions

Risk management

Managing risks and opportunities is an important business driver for us and our stakeholders. It is an entrenched discipline and recognised business management tool to enable sustainable value creation.

Risk management and Covid-19

The advent of the pandemic known as Covid-19 is uncharted territory for governments and businesses worldwide. This is primarily because the rates of infection and mortality, as well as the geographic spread of infection, have not followed predictable lines based on other pandemics and viruses. The ARM risk processes, particularly business continuity management, positioned the group well to take a flexible approach to managing the impact of the pandemic.

In line with this approach, ARM has modelled scenarios from worst to best-case to ensure the company and its operating divisions are appropriately prepared. Typical areas of impact considered include:

Health risks

Death and illness; spread of infection; low productivity, high absenteeism

Supply chain

Unavailability of goods and materials; export and import delays; force majeure situations

Revenue loss

Reduction in sales and demand; international service disruptions; operational interruptions

Global economy

Reduced demand and consumption; rising costs; increasing debt, oil prices, interest and forex rates

National issues

Sanctions and trade controls; movement restrictions; distrust within and between countries

Travel and tourism

Travel restrictions; event cancellations; reduced revenue in tourism sector and small businesses

Social impacts

Social unrest; labour unrest; fake or exaggerated news; mistrust and discrimination; panic buying

Operations and Projects

Safe shut down and resumption of operations; impact on project delivery and labour availability; ability to realise value; quarantine measures

Reporting

Impact on external and internal audit; reporting to regulatory bodies; communication with internal and external stakeholders



For more detail on the process of risk management, see page 30



For more detail, refer to the financial review, operational reviews and the risk management section



For more detail, see impact of Covid-19 and operational reviews

RISK MANAGEMENT continued

ENTERPRISE RISK MANAGEMENT (ERM) POLICY STATEMENT

ARM is committed to developing, embedding, implementing and continuously reviewing its ERM processes at all levels within the organisation. ARM's overriding policy is that the management of risk and opportunity is the responsibility of management at every level. It forms an integral part of the process of managing risks and opportunities within the board's stated risk appetite and tolerance levels in order to provide reasonable assurance regarding the achievement of strategic objectives. To embed this ERM policy, the company will:

- Provide guidance and direction from the corporate office's risk management department as to accepted practices and standards for risk management in ARM, including all of its managed operations (including Modikwa)
- Strive to protect and improve the health, safety and wellbeing of everyone affected by its operations managed by ARM, as well as all of the corporate departments and specialist or core functions
- Identify, evaluate and regularly review the risks and opportunities that influence the achievement of ARM's strategic objectives
- Develop and execute appropriate actions and controls through ARM's formal management processes that support the achievement of ARM's strategic objectives
- Preserve and enhance assets and earnings potential to safeguard and optimise company assets and shareholders' investment
- Maintain effective internal control in accordance with the combined assurance model and risk management programmes
- Continuously improve risk management practices and combined assurance processes
- Incorporate ERM principles when all new acquisitions or capital projects are considered
- Create a fit-for-purpose risk financing programme, based on the developed risk profiles and risk appetite and tolerance levels in the business.



By understanding and managing all risks in a consistent manner, ARM will be able to provide greater certainty and security of managing these uncertainties to different stakeholders, including employees, customers, shareholders, suppliers and the community within which the company operates. ARM commits to remaining a "risk-aware" and "opportunity-seeking" organisation and ERM processes will provide stakeholders with additional certainty of business sustainability as ARM will be making risk-informed decisions wherever possible.

ERM PROCESS

Our ERM policy statement clearly demonstrates the intent and commitment to practising effective risk management in all aspects of the our business. This implicitly includes all operational, investment and project considerations, in line with.

In view of this, the generally accepted definition of risk in ISO 31000¹ is as follows:

"Risk is the effect of uncertainty on objectives"

- An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats
- Objectives can have different aspects and categories, and can be applied at different levels
- Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.

¹ ISO 31000 is the International Organisation for Standardisation's international standard Risk Management – Guidelines.



It follows that the context, identification and management of risk can only be derived from a sufficient understanding of what is to be achieved and by following a standard process of risk assessment to identify and evaluate risks facing ARM. This process establishes mandatory steps to context setting, risk identification, risk analysis, risk evaluation, risk treatment, communication and consultation, monitoring and review processes throughout ARM.

The timing of the risk management process in ARM is aligned with our assurance and corporate governance requirements. Risk management is, however, not an activity that takes place only at stated intervals but continuously through all phases of the business and with every major change in our operations. All risk activities must be timed to facilitate risk input into the ARM strategic planning process, as stipulated in the board ERM policy.

STRATEGIC INTENT FACTORS

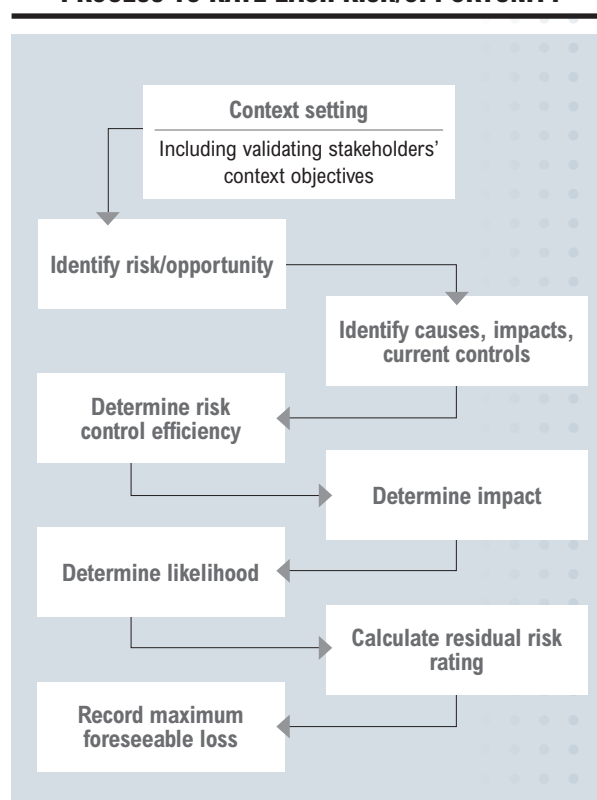
Focus on the efficient allocation of capital	Aim for value-enhancing integrated growth
1 3 4	1 5 7 8 10
Sustaining and improving our financial position	Maintaining a safe and healthy working environment
1 3 10	2 5 10
Improving operational efficiencies and containing unit cost increases by using technological advances	Partnering with and investing in the personal and professional wellbeing of our employees
1 4 5 6 10	7 8
Improving relationships with our key stakeholders	Remain responsible stewards of our environmental resources
6 7 8	1 4 5 7 8 9

IMPACT FACTORS

1 Financial	6 Employee relations
2 Safety and health	7 Stakeholders (internal and external)
3 Project management	8 Corporate image and reputation
4 Operations	9 Environment
5 Legal and compliance	10 Information technology (IT)

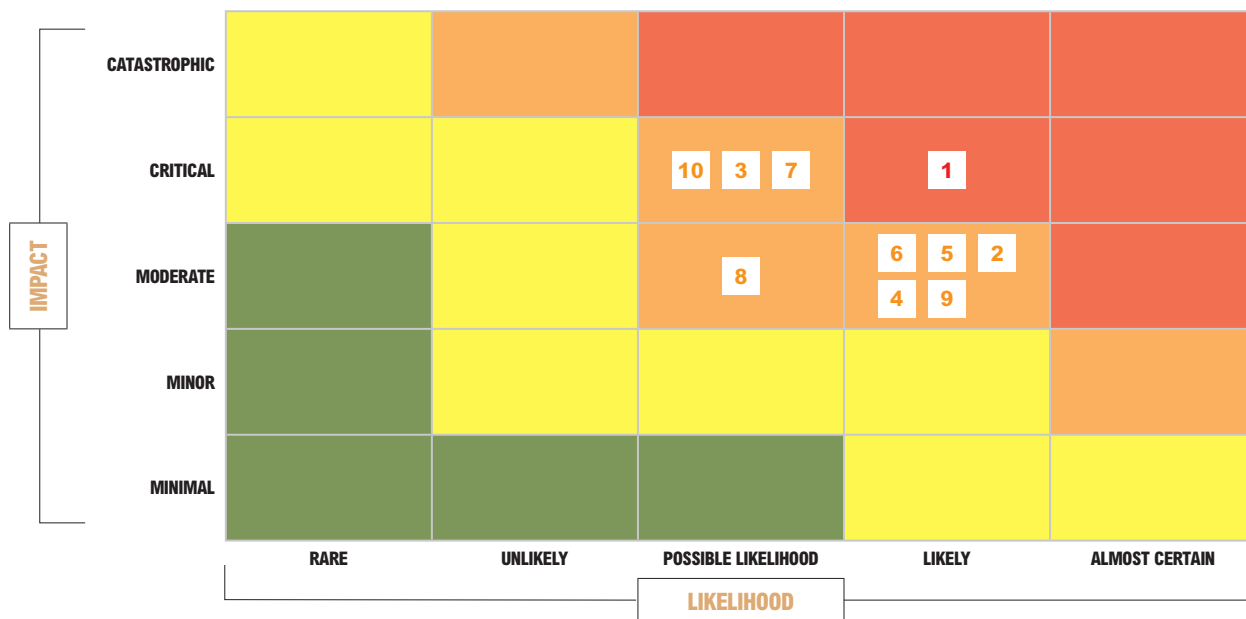


PROCESS TO RATE EACH RISK/OPPORTUNITY



RISK MANAGEMENT continued

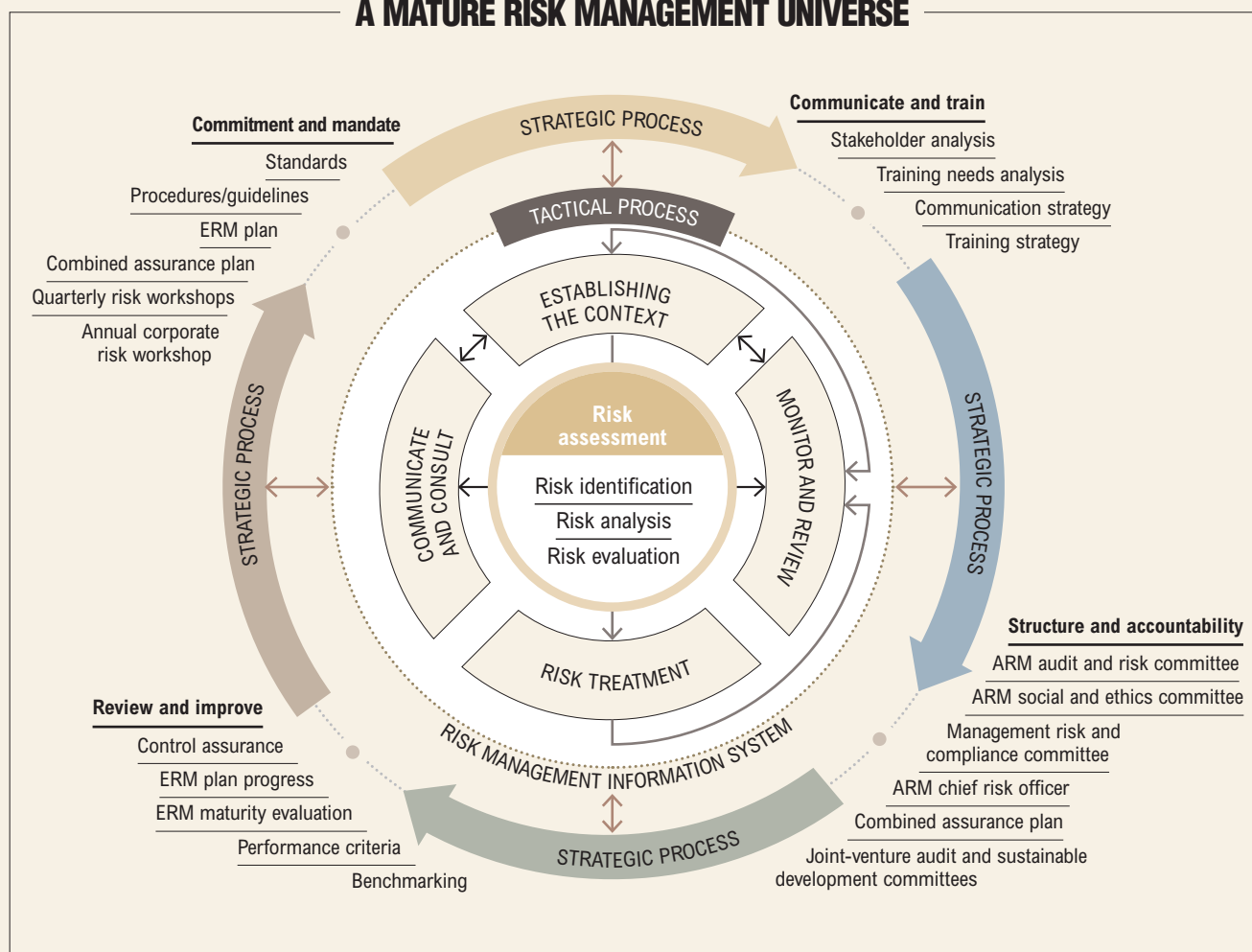
MANAGING OUR RISKS



	RISK	STRATEGIC INTENT FACTOR	VALUE IMPACT	CONTROLS
1	Uncontrolled spread of Covid-19 virus at one or more operations	Maintaining a safe and healthy work environment	The business interruption leads to a negative impact on profitability	<ul style="list-style-type: none"> • Strict measures and protocols to prevent the spread of Covid-19 and protect employees and contractors have been implemented and are ongoing across all operations • Support and collaboration with local host communities and SMMEs • Ensuring safe transport arrangements within host communities for employees.
2	Cost escalations above inflation due to suppressed production	Improving operational efficiencies and containing unit cost increases	Negatively affects our ability to produce efficiently	<ul style="list-style-type: none"> • Assessment of team productivity • Labour scheduling and miner requirement analysis • Operational optimisation • Supervision management, capability assessment and coaching programme.
3	Disruption in the global or local supply chain required to sustain production	Improving operational efficiencies and containing unit cost increases	The business interruption leads to a negative impact on profitability	<ul style="list-style-type: none"> • Customer relationship management • Business continuity planning.
4	Uncertain economic outlook	Focussing on the efficient allocation of capital	A sustained depression of the price adversely affects revenue and capital allocation	<ul style="list-style-type: none"> • Diversification of commodities • Board approved capital allocation within the delegation of authority framework • Capital allocation framework as guiding principles.
5	Financial impact of Covid-19	Improving our financial position	Both the direct and indirect cost of lockdown in terms of business interruption and management time, start up difficulties and general work place turmoil is of a similar magnitude	<ul style="list-style-type: none"> • Maintain a strong cash position • Scenario planning.

	RISK	STRATEGIC INTENT FACTOR	VALUE IMPACT	CONTROLS
6	Unreliable water supply in Northern Cape	Remain responsible stewards of our environmental resources	The availability of water, as well as the socio-economic impact of water on the surrounding communities	<ul style="list-style-type: none"> • Sedibeng water project • Water purification project • Water balance model.
7	Business continuity preparedness	Maintaining a safe and healthy work environment	Negatively affects our ability to produce efficiently	<ul style="list-style-type: none"> • Scenario planning • Consistent framework for business continuity planning.
8	Increase in community expectations	Improving our relationship with key stakeholders	The business interruption leads to a negative impact on profitability	<ul style="list-style-type: none"> • Community structures • Relationship building • Regular meetings with communities.
9	Organisational culture change	Partnering with, and investing in the personal and professional well-being of our employees	Negatively affects our ability to produce efficiently	<ul style="list-style-type: none"> • Wellness program • Prioritisation of capacity building; • Investment in skills development • Benchmarking against industry good practice.
10	Preparedness for cyber breach	Maintaining a safe and healthy work environment	Negatively affects our ability to produce efficiently	<ul style="list-style-type: none"> • Antivirus, malware and anti-spamming software • Deployment of security patches • Data recovery and hard copies of data • Effective infrastructure.

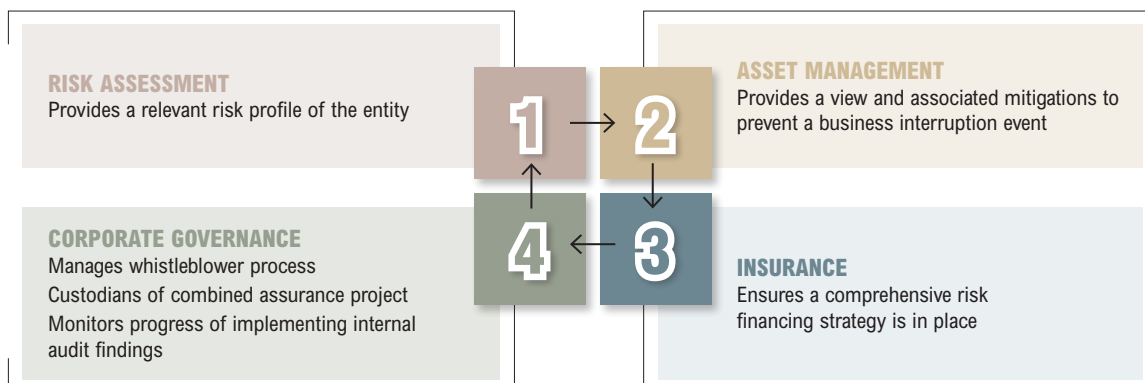
A MATURE RISK MANAGEMENT UNIVERSE



RISK MANAGEMENT continued

At ARM, enterprise risk management (ERM) is underpinned by the following philosophies:

Philosophies underpinning arm's enterprise risk management

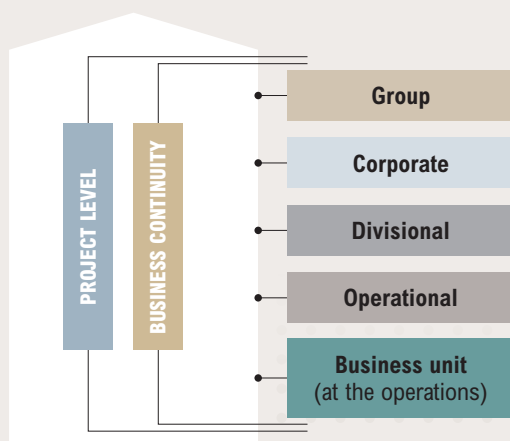


1 RISK ASSESSMENT

The risk assessment process is aimed at identifying and recording relevant risks and opportunities, along with corresponding mitigating controls. It is designed to achieve a balance between minimising the risks associated with a business activity and maximising the potential reward. Effective risk management enables leadership to deal with uncertainty and its associated threats and opportunities, enhancing ARM's capacity to create value.

Uncertainties include events caused by ambiguity or a lack of information, with both negative and positive impacts. As a result, opportunities are considered within a consistent framework. All ARM-managed operations

and divisions conduct quarterly risk reviews, supported by six-monthly corporate risk reviews and an annual group-level risk workshop. Each operation takes full ownership of its risk profile.



COMMITTEE	ATTENDANCE	REPORTING
ARM level		
Board	●	●*
Audit and risk committee	●	●
Social and ethics committee	●	●
Management risk and compliance committee	●	●
Technology and information committee	●	●
Divisional level		
Social and ethics or sustainable development committee	●	●
Audit and risk committee	●	●

* Annually

2 ASSET MANAGEMENT

Benchmarking surveys conducted by International Mining Industry Underwriters (IMIU) measure each operation against an internationally recognised benchmark of risk preparedness for major business interruptions. These IMIU surveys are conducted across all operations annually. ARM has also commissioned an independent consultancy to validate the effectiveness of identified controls twice a year.

3 RISK FINANCE

Over the years, ARM's risk-financing strategy has remained consistent in deciding to what degree our managed operations will accept their risks, or insure these. This strategy is designed to deliver a cost-effective mechanism that will protect ARM and its managed operations against the financial consequences of risk events that occur. The principles in place to achieve ARM's strategy include:

- Identifying and quantifying each operation's maximum foreseeable loss
- Ensuring the availability of detailed and reliable risk and loss information
- Ensuring efficient risk financing at all levels
- Providing broad-based insurance protection with appropriate limits.

4 GOVERNANCE AND ASSURANCE

Risk appetite and tolerance

Taking risks is an integral part of daily business activities. By carefully balancing ARM's strategic and operational objectives against the risks we are prepared to take, we strive to conduct business in a socially responsible and sustainable manner. This approach helps ARM attain its strategic objectives.

Accordingly, we have introduced a risk appetite and tolerance (RA&T) standard for defining and managing group-wide risks. The standard clarifies the types and levels of risk ARM is willing to take on (risk appetite) or prepared to tolerate (risk tolerance) to achieve its objectives.

The RA&T standard is a key component of our risk management strategy. It is an effective tool for sharing information among management on risks facing ARM and for facilitating appropriate risk-taking. In the context of business strategy and planning, risk appetite facilitates discussions about where and how ARM should deploy its capital and other resources under a risk/return view, while risk tolerance sets clear boundaries to risk-taking.

The ARM board assesses and approves the RA&T standard annually and monitors risk exposures, which are also regularly reviewed.

The standard enables the board to set boundaries for taking risk, while enabling management to make risk-informed decisions within the risk appetite of the board.

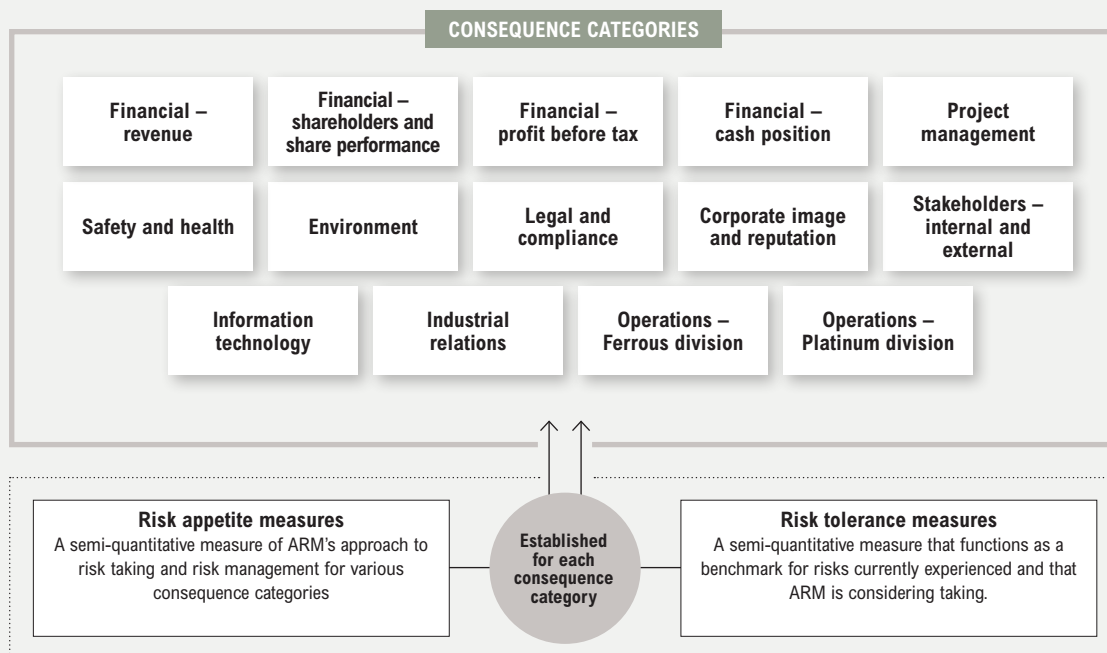
Setting risk appetite and risk tolerance will assist in improving the board's risk oversight and communicate its risk-taking expectations to management for business decisions. This in turn will support conscious risk-taking by management and improve resource allocation to realise the best possible rewards commensurate with risk. This would be true for both the potential upside and downside outcome of any risk.

The ARM approach to setting RA&T levels is determined by an understanding of the context within which the risk will be experienced and potential consequences to which the business is exposed. Risks are evaluated against these consequences and relative to risk appetite and risk tolerance levels and how these alter over time.

RISK MANAGEMENT continued

4 GOVERNANCE AND ASSURANCE continued

Composition of Risk Appetite and Tolerance



Combined assurance

Combined assurance is a coordinated approach that ensures all assurance activities provided by management, internal and external assurance providers offer adequate assurance on the controls that mitigate material risks facing the company.

The objectives of ARM's combined assurance model are to:

- Provide management with an effective and practical process to enable appropriate management and optimal assurance of the efficacy of identified controls to mitigate pertinent risks to the business
- Provide evidence of the formal process and the adequacy and quality of internal and external assurance
- Identify areas where there is either a shortfall or duplication in assurance.

The objective of ARM's combined assurance model is to:

- Provide an effective and practical process to enable appropriate management and optimal assurance of the efficacy of identified controls to mitigate material or significant risks to the business
- Provide evidence of the formal process and the adequacy and quality of assurance provided by both internal and external assurance

- Identify areas where there is either an over or under assurance
- Provide the cost of assurance activities relative to the third, fourth and fifth lines of assurance.

The ARM combined assurance model sets out to:

- Define management assurance relative to respective lines of assurance (enhanced to recognise specific lines of assurance recorded in King IV)
- Provide a coordinated and integrated approach to obviate duplication and gaps in assurance, thus enabling cost-effective management assurance activities
- Quantify the cost of assurance activities relative to the third, fourth and fifth line of assurance (external assurance providers)
- Enable detailed analysis of assurance functions and processes
- Provide management with a meaningful management tool to assess assurance
- Provide further input into establishing a control environment appropriate to ARM's approved risk appetite and tolerance levels
- Assist in the input and formulation of the annual internal audit plan.

4 GOVERNANCE AND ASSURANCE continued

Combined assurance

King IV and combined assurance model explaining combined assurance requirements

Collation of assurance activities

Collation of associated external costs and determining the adequacy and quality of assurance

Combined assurance plans communicated/reported to management risk and compliance committee, ARM audit and risk, and divisional audit committees

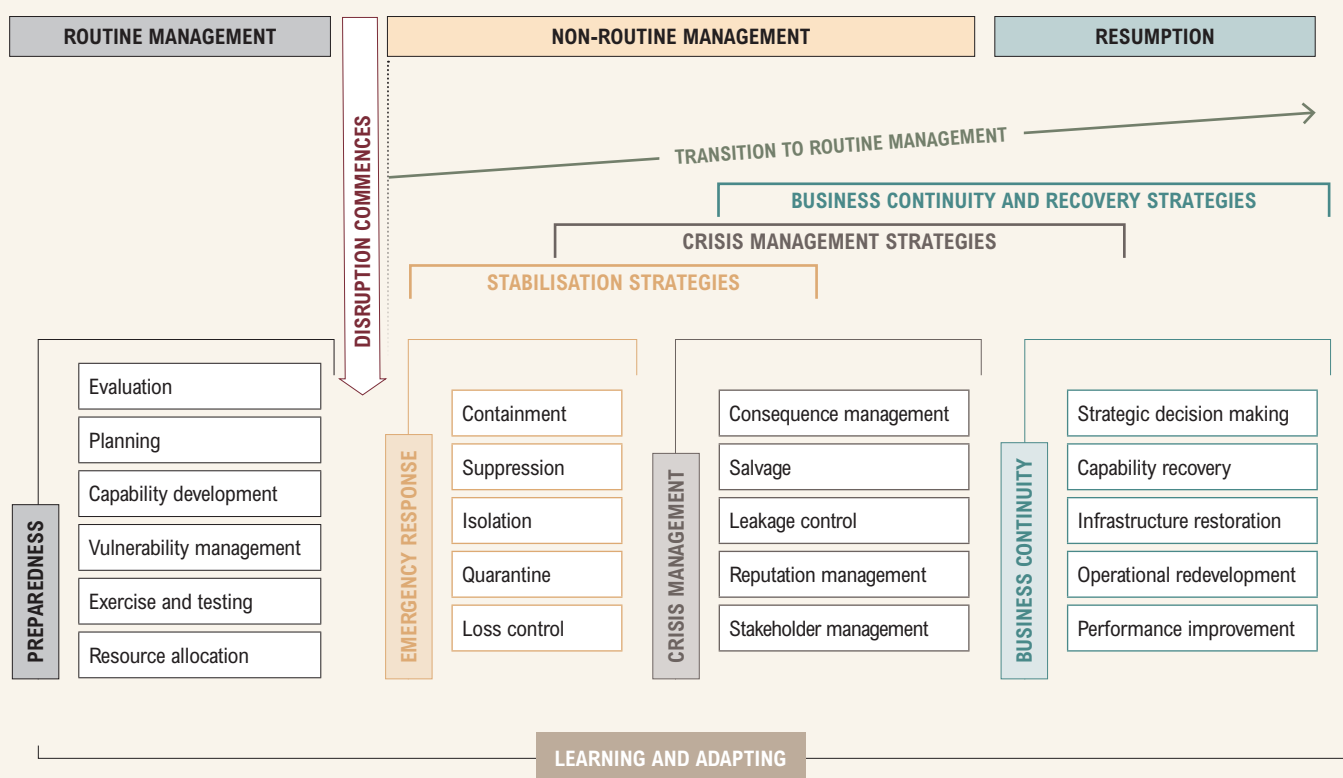
Continuously updating of combined assurance plans

BUSINESS CONTINUITY MANAGEMENT (BCM)

ARM's emergency and crisis management and BCM functions should not be seen as mutually exclusive, but as a continuum and complementary management response to different types of events.

Emergency and crisis management recovery is primarily focused on being able to contain and manage an emergency or crisis to ensure the safety of people and assets, to halt the situation at its source and to manage the range of impacts that pre-determined events could have. In contrast, business continuity is for managing business interruption events and getting the business back on track, once the crisis or emergency has been resolved.

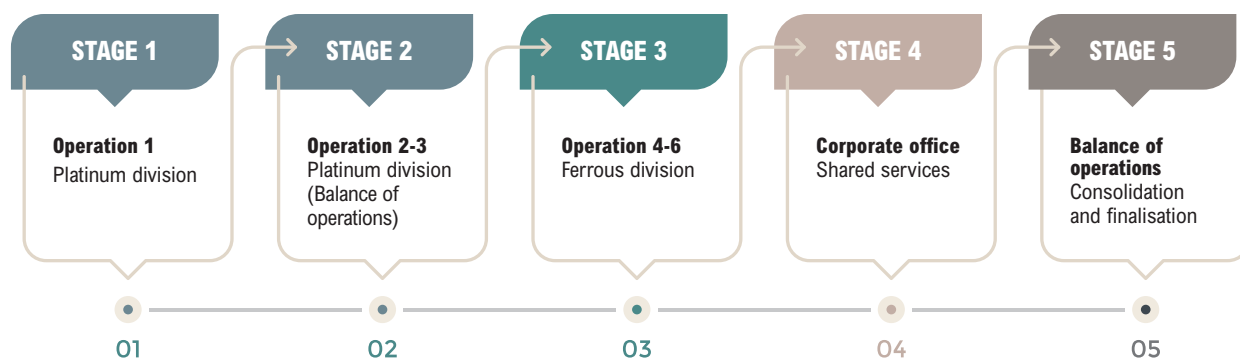
This continuum is illustrated below:



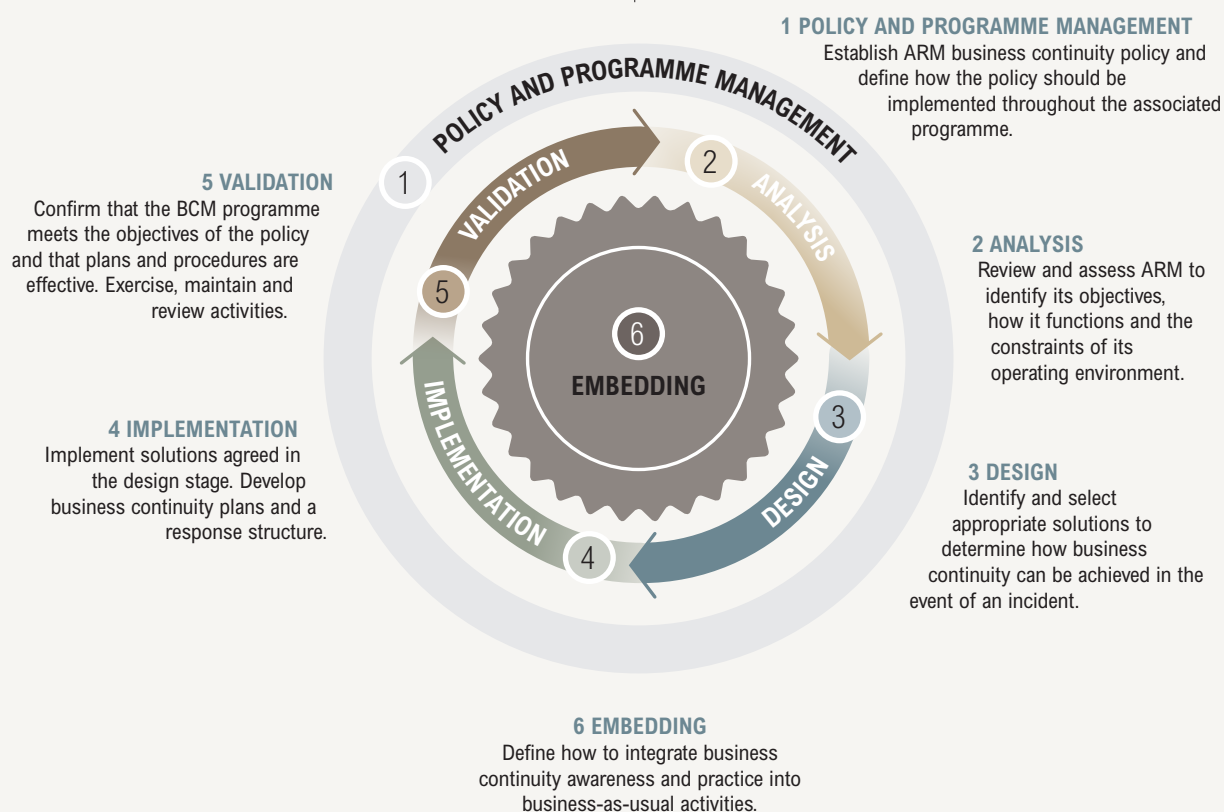
RISK MANAGEMENT continued

BCM methodology

The ARM BCM methodology is aligned to the UK Business Continuity Institute good practice guidelines (2013) and ISO 22301:2012 (societal security – business continuity management systems – requirements).



The roll-out of each stage above will be undertaken using the design, implementation, validation and embedding steps of the BCM. Lifecycle, policy and programme management will not be repeated as work done at stage 1 will cover the entirety of ARM as BCM coordination will be controlled.



ARM is committed to its customers, employees and stakeholders to ensure all its operations, functions, business entities and corporate office have practical and robust business continuity plans (BCPs), aligned to its vision, strategy and objectives. This will enable a timely response to any major threat or incident to ensure key stakeholders, reputation and value-creating activities are safeguarded.

Our business continuity process identifies and evaluates all risks and business vulnerabilities to ARM, maintains prevention and protection procedures, and mitigates the effects of unforeseen losses by establishing processes for business continuity and recovery that are regularly tested, audited, and updated.

More specifically, the business continuity process will cover:

- Descriptions of emergency response, crisis management and business recovery protocols, dealing with notification procedures and internal/external interfaces
- Roles, responsibilities and accountabilities of specific internal and external stakeholders after an unplanned event
- Training and exercise requirements
- Biannual rehearsals and auditing of business continuity plans and procedures once these are developed
- Learning from previous experiences of disruptive events using a structured process to minimise (where possible) their likelihood and impacts in future
- To ensure the business continuity process delivers an integrated process, we will continue to test, audit and benchmark ARM's performance against global best practice and require any acquisitions or new capital projects over which we have management control to include business continuity.

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graph BT; SEC[Social and ethics committee] --> AB[ARM BOARD]; ARK[Audit and risk committee] --> AB; MRC[Management risk and compliance committee] --> ARK; MRC --> SEC; ESD[Executive: sustainable development] --> SEC; ESD --> MRC; CRO[Chief risk officer] --> MRC
```

The diagram illustrates the reporting structure of the ARM Board. At the top is the **ARM BOARD**. Below it are two main committees: the **Social and ethics committee** (left) and the **Audit and risk committee** (right). The **Audit and risk committee** oversees the **Management risk and compliance committee**. The **Management risk and compliance committee** reports to both the **Social and ethics committee** and the **Audit and risk committee**. At the bottom, the **Executive: sustainable development** reports to both the **Social and ethics committee** and the **Management risk and compliance committee**. The **Chief risk officer** reports to the **Management risk and compliance committee**.

The chief risk officer reports quarterly to the management risk and compliance committee, audit and risk committee and social and ethics committee, as well as reporting quarterly to divisional and joint-venture operational committees, divisional audit committees, and divisional social and ethics/sustainable development committees, with the exception of the ARM Coal audit committee.






In addition to monitoring the company's response to the Covid-19 pandemic, as part of its oversight role of the management risk and compliance committee, the audit and risk committee:

- Reviewed the ERM framework setting out ARM's policies and processes on risk assessment and risk management throughout the group
- Ensured the group has applied a combined assurance model for a coordinated approach to all assurance activities
- Considered and reviewed the findings and recommendations of the management risk and compliance committee.



RISK MANAGEMENT continued

ENTERPRISE RISK MANAGEMENT SCORECARD

F2020 objectives	Performance against F2020 objectives	2021 objectives
Roll out and training on risk management platform (CURA)	ACHIEVED  CURA rolled out to all operations	Systemisation of combined assurance model
Roll out of risk appetite and tolerance levels	ONGOING  Risk appetite and tolerance levels updated and approved by the board	Automated and enhanced reporting against approved risk appetite and tolerance levels
Roll out of business continuity plan	ONGOING  Phase one, which comprised of the rollout of the BCM policy and development of the business continuity plan for one operation, is complete	Roll out of business continuity plan
Assess effectiveness of corrective actions	ONGOING  Findings of risk self-assessments validated and informed F2021 internal audit plan	Follow up on implementing recommendations identified
Review and update ERM framework	ACHIEVED  ERM framework reviewed and approved	Use of technology to link internal audit findings to risk profiles



Tailings storage facilities management and governance



We remain committed to ensuring the stability of our tailings storage facilities (TSFs) and a professional engineer is appointed by each operation to perform annual structural stability audits and quarterly monitoring of the safety and stability of each TSF. The latest structural stability reports confirm the TSFs at ARM's managed operations as stable.

Onverwacht TSF, Nkomati Mine.

management and governance necessary to maintain integrity of TSFs and minimise the risk of catastrophic failures. ARM, as a member of the ICMM, undertook a review of its TSFs in accordance with the framework and included it in the annual review process. This has subsequently been replaced by external reviews which were commissioned during 2019.

Following the tragic failure of a TSF in Brumadinho, Brazil in January 2019, the Investor Mining and Safety Initiative called for a new independent and publicly accessible international standard for tailings dams based on the consequences of failure. In February 2019, the ICMM Council committed to convening of an independent review of global tailings management practices, with co-convenors UNEP (United Nations Environmental Programme) and PRI (Principles for Responsible Investment) – under leadership of independent chair, Dr Bruno Oberle¹.

Recent international catastrophic failures of TSFs have increased the focus of investors, non-governmental organisations and society at large on responsible tailings management. In 2016, the International Council on Mining and Metals (ICMM) published a Position Statement on "Preventing Catastrophic Failure of Tailings Storage Facilities" which includes a TSF governance framework that focuses on key elements of

¹ Dr Oberle is a Swiss biologist and environmental scientist, and Director General of the International Union for Conservation of Nature.

TAILINGS STORAGE FACILITIES MANAGEMENT AND GOVERNANCE continued

The outcome of this Global Tailings Review (GTR) process would be a Global Industry Standard on Tailings Management (GISTM), which had as its main objective the safer operation of tailings facilities, launched on 5 August 2020.

During April 2019, ARM (in collaboration with our joint venture partners) responded to a request for information by a number of investors represented by the Church of England Pensions Board and the Swedish Council of Ethics. ARM's comprehensive TSF disclosure is available on our website at www.arm.co.za.

At the start of 2019, ARM had undertaken to commission an independent external review of the TSFs at managed operations in alignment with global good practice. The external reviews of the TSFs which included the review of management systems and governance processes, were completed during the year under review and action plans for implementing recommendations for improvement are being actioned, both at operational and corporate level.

In parallel with the external reviews, dam breach analysis of active TSFs was also conducted to provide a comprehensive understanding of the potential impact on stakeholders including communities, the environment and infrastructure in the event of failure. These studies and reports entail hydrological modelling of hypothetical breaches on TSFs and the associated impacts thereof and have been completed. Action plans are in the process of being drafted and these reports will also inform a review of each operation's emergency response planning.



Further information on this can found in the operational reviews from page 54 of the integrated annual report and in the sustainability report.

The external review of the TSFs identified the requirement for a TSF management policy as well as a formalised TSF management standard in addition to the governance standards which are already in place.

These, as well as compliance reporting dashboards on critical controls, are in the process of development. The ARM TSF policy and TSF management standard will be aligned with appropriate good practice standards nationally and internationally, including the Global Industry Standard on Tailings Management (GISTM) which was launched on 5 August 2020.

The TSF Management Policy will be finalised before the end of October 2020. The TSF management standard is being developed to align with the GISTM for implementation by the operations during the next 3-5 years, in accordance with the ICMM Guidelines on implementation of the GISTM which are currently under development.

The responsible and safe management of tailings is a strategic issue with major financial and reputational value. As such, it is a corporate and board priority. Reporting on tailings is included in the agenda of the quarterly sustainable development committees of every Joint Venture Board/Exco, as well as the ARM audit and risk committee and social and ethics committees of the board and ultimately to the ARM board.

In addition to the governance and operational measures described above, a review of tailings management at each TSF is conducted annually by the risk engineer from the International Mining Industry Underwriters (IMIUI) during the annual risk survey. Detailed comments and recommendations relevant to TSFs are included in the IMIUI report for each operation. The IMIUI recommendations are added to each operational risk profile and progress is tracked quarterly. The IMIUI recommendations are included in governance reporting to both the ARM audit and risk committee and the social and ethics committee as well as the joint venture sustainability and audit and risk committees.



Remuneration report

PART I

BACKGROUND STATEMENT

PHILOSOPHY

Our strategic objectives can only be delivered with the foresight, dedication and hard work of our employees. The company competes in a small talent pool for a limited set of skills in the global and South African mining industries.

The remuneration committee assists the board by applying a remuneration strategy that ensures a balance in attracting, motivating, rewarding and retaining human capital through competitive remuneration practices, while creating shareholder value. The committee approved a remuneration policy that gives effect to the remuneration strategy, supports business objectives in the wider operating environment and offers a balanced remuneration mix in line with our goals.

Fixed pay

The board approved cost-to-company salary increases in the corporate office from 1 July 2020 based on the current and forecast consumer price index (CPI), as follows:

Paterson grade	Role	F2021 increase	F2020 increase
F-band	Executives (including executive directors)	3% (CPI)*	6%
E-bands	Senior management	4% (CPI + 1%)	6%
D-band	Middle management	4% (CPI + 1%)	7%
A to C-bands	General staff	5% (CPI + 2%)	7%

* CPI of 3% as at April 2020 as published by StatsSA.

At the bargaining-unit level for our managed operations (except Two Rivers employees in the A to C-bands and the Northern Cape mines' labour forces), wage agreements for A to C-bands provided for 2020 increases of 6% to 7% depending on the band. Wage agreements for Two Rivers employees in the A to C-bands and the Northern Cape mines' labour forces expired on 30 June 2020 and negotiations are under way. Percentage increases for these employees will be reported in 2021.

Fair and responsible

Taking care of our employees

We aim to maximise our employee value proposition. We are committed to offering a market-related, competitive, fair and at least living wage to all employees and operate various wellness programmes in support of our employees' mental health and their wellbeing.

Monitoring our fair and responsible pay

We periodically calculate and regularly monitor the Gini coefficient, enhance policies supporting gender mainstreaming in the workplace, and develop more robust employment equity plans and targets. Percentage increases granted to our more junior employees generally exceed those granted to management and executives.

Pay-for-performance

We focus on pay-for-performance in designing our variable pay structures, particularly at senior levels. Our in-house performance enhancing system creates an opportunity to contract on performance goals, review performance, track developmental areas, assess performance and reward for performance in. This process also promotes staff engagement and constructive feedback for development and performance improvement.

Training and developing our talent

We invest in the development and skills of our employees to maximise learning potential through study assistance and bursaries and career development opportunities based on our talent management strategy.

CONNECTING PERFORMANCE AND REMUNERATION

Fair and responsible pay

ARM is committed to fair, responsible and transparent pay. Our remuneration levels are aligned with the performance of the economy, and the specific performance of the company and our people. We focus on elements such as the company's values, culture, talent management, workforce planning, and competitive benefits and remuneration to ensure our policies and practices compare well against local and international practices. ARM takes steps to address the gap between remunerating executives and employees at the lower end of the pay scale, and the committee monitors these developments.

The South African Gini¹ coefficient of the employed for 2019 was 0.436, an increase of 0.011 on the number for 2018. Two years ago, ARM used external consultants to assess its internal Gini coefficient, with results showing that the company's Gini coefficient was better than the mining industry and for people employed in the formal sector in South Africa.

¹ The Gini coefficient represents the income distribution of a nation's residents. It ranges from 0 to 1, where 0 is a completely egalitarian income distribution, and 1 is extreme inequality. One of the ways in which the remuneration committee assesses the internal level of pay equity is by using the internal Gini of the company.



Refer occupational health and wellness and human resources management sections of the sustainability report on our website.

REMUNERATION REPORT continued

Short-term incentives

Short-term incentive outcomes are linked to the company's performance, which reflects management's initiatives to contain costs and improve efficiency:

- Group F2020 profit before interest and taxes (PBIT) was 145% of target
- Profit targets were met at all operations (ie ARM Ferrous, ARM Platinum and ARM Coal)
- ARM Ferrous performed well on cost targets, with below plan costs at all operations
- Costs at ARM Platinum and ARM Coal were higher than planned
- The maximum safety modifier target of 10% was achieved at ARM Ferrous and ARM Coal. The overall group safety modifier was 10%.
- A personal performance modifier has been applied after a cash bonus was calculated for each senior executive, except for the executive chairman and chief executive officer. If key performance indicators (KPIs) are met, they may achieve up to an additional 10% of their bonus. If KPIs are not met, up to 30% of their bonus will be forfeited. No

personal performance modifiers are applicable to the short-term incentives payable to the executive chairman and the chief executive officer, respectively, because the personal performance of the executive chairman and chief executive officer are best measured by the performance of the company.

Benchmark

A benchmarking study by the remuneration consultants, PwC, showed that the remuneration of senior executives was in line with the market. Other than the annual increase, no adjustments were made.

Long-term incentives

Outcomes are linked to the company's performance.

Long-term incentives settled in F2020 under The African Rainbow Minerals Limited 2008 share plan (2008 share plan) were based on ARM's ranking against the total shareholder return of its peers. The company has not made any awards under the 2008 share plan since 2018.

2018 conditional share plan

- Shareholders approved the plan, aligned with good practice, to be used for all new long-term incentive awards to senior executives at the 2018 annual general meeting
- Salient features of the 2018 conditional share plan include:
 - » Conditional rights to ARM shares, ie conditional shares will be awarded to eligible participants (with no voting or dividend rights until the conditional shares vest and become unrestricted)
 - » Performance and employment conditions apply to all awards vesting
 - » A limit of 5% of the issued share capital of the company, which is intended to cover awards made over five to ten years under the plan
 - » Termination-of-employment (fault and no-fault terminations) provisions are aligned to global good practice
 - » Malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions apply to awards on certain 'trigger events'. In terms of clawback, the pre-tax cash value of the award will be recouped
 - » Dividend-equivalent shares will be determined when conditional shares vest
 - » Carbon emission targets apply to:
 - Emissions from direct production activities (scope 1 emissions) and
 - Emissions from electricity consumption (scope 2 emissions).

2018 cash-settled conditional share plan

- In December 2018, the board approved a new long-term incentive plan for awards to management other than senior executives
- Salient features of the 2018 cash-settled conditional share plan include:
 - » Conditional awards are made to eligible participants
 - » Performance and employment conditions are the same as those under the 2018 conditional share plan and apply to the vesting of all awards, which will be settled in cash
 - » Termination-of-employment (fault and no-fault terminations) provisions are aligned to global good practice
 - » Dividend-equivalent awards will be determined when conditional awards vest.
 - » Carbon emission targets apply to:
 - Emissions from direct production activities (scope 1 emissions) and
 - Emissions from electricity consumption (scope 2 emissions).

STAKEHOLDER ENGAGEMENT

At the 2019 annual general meeting, the non-binding advisory vote on ARM's remuneration policy and implementation report were supported by 93.29% and 93.26% of shareholders who voted at the meeting, respectively.

Although we were above the 75% voting threshold for both the remuneration policy and implementation report, we take shareholder feedback seriously and strive to continuously engage with our shareholders. On the following page, we set out the main areas of feedback on remuneration.

Shareholder engagement and voting



COMMITMENT

We continuously monitor the effectiveness and implementation of the remuneration policy, strategy and practices. Should we receive a vote of 25% or more against either at the 2020 annual general meeting, the board commits to:

- An engagement process in line with the JSE Listings Requirements to ascertain reasons for the dissenting votes
- Appropriately address legitimate and reasonable objections and concerns.

CHANGES IN REMUNERATION POLICY

Stakeholder engagement on remuneration matters and proactively maintaining regular, transparent and informative dialogue with our stakeholders is important. The committee therefore considered developments in global best practice as well as feedback from shareholders during the financial year.

Accordingly, on the committee's recommendation, changes to the remuneration policy have been approved. These include:

- A clearer policy on paying non-executive director fees for ad-hoc meetings – these generally require less time than the normal preparation for and attendance of scheduled board and committee meetings
- Amendments to the short-term incentive scheme
 - » To mitigate the risk for F2021 due to the Covid-19 pandemic, including a cap on the maximum bonus payable
 - » To provide that the board will further consider any fatalities during the year and adjust the modifier taking into account the context of such fatalities

The remuneration policy achieved its stated objectives in F2020 and will continue to lead to performance outcomes that generate real long-term value for our shareholders.

AD Botha

Chairman of the remuneration committee

REMUNERATION REPORT continued

ABOUT THE REMUNERATION REPORT

To align with emerging best remuneration disclosure practices and the King IV Report on Corporate Governance for South Africa 2016 (King IV), the remuneration report is presented in three parts: a background statement from the committee chairman, an overview of the remuneration policy for senior executives and, at a high level, other employees, and an implementation report describing how payments were made in the review period.

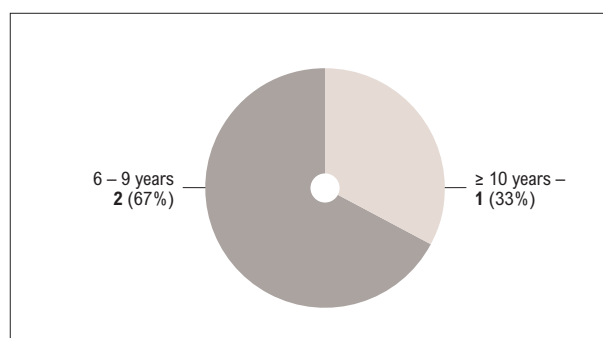
REMUNERATION GOVERNANCE FRAMEWORK

Composition

Members ¹	Member since
AD Botha (chairman)	August 2009
TA Boardman	August 2011
AK Maditsi	July 2011

¹ Dr MMM Bakane-Tuoane resigned from the board from 29 September 2020.

Tenure: Remuneration committee



The committee comprises only independent non-executive directors. The board is confident that committee members have a strong blend of expertise and experience in the financial, business, mining and human capital fields.

Meetings

Three committee meetings were held in F2020.

See meeting attendance summary on page 16.

The chairman of the committee attends annual general meetings to answer questions from shareholders on the remuneration policy and its implementation.

Invitees

The chief executive officer, finance director, executive director: investor relations and new business development, group executive: human resources and group executive: legal attend committee meetings by invitation and assist the committee in its deliberations, except when their own remuneration is discussed. Invitees do not vote at meetings. No directors were involved in approving their own remuneration.

Advisors to the committee

In F2020, the committee was advised by remuneration consultants, PwC, on the design, implementation and verification of calculations for offers and awards under the long-term incentive schemes. Bowmans advised the committee on remuneration of non-executive directors and senior executives as well as amendments to the short-term incentive scheme and the policy on fees for ad-hoc meetings. Bowmans communicated directly with the committee. Korn Ferry provided advice on principles of performance management and calibrating performance scores. The committee is satisfied that PwC, Bowmans and Korn Ferry were independent and objective.

FUNCTIONS

Purpose

The committee assists the board with its responsibility for setting ARM's remuneration policies to ensure these are aligned with its business strategy and create value for ARM over the long term. The committee also assists the board in promoting a culture that supports enterprise and innovation with appropriate short-term and long-term performance-related rewards that are fair and achievable. The committee considers and recommends remuneration policies for senior executives.



FUNCTIONS AND RESPONSIBILITIES

The committee performs the functions and responsibilities necessary to fulfil its purpose as stated in the previous paragraph. Amendments to its terms of reference were approved by the board in 2020. The committee's mandate includes:

- Ensuring that, in developing the company's remuneration policies, the mix of fixed and variable remuneration in cash, shares and other elements of remuneration meets ARM's business needs and promotes its strategic objectives, with an appropriate balance between short-term and long-term incentives
- Ensuring that performance targets in all occupational categories in ARM are set and monitored
- Reviewing the results of independent third-party benchmarking surveys of the remuneration packages of executive directors, other senior executives and the group company secretary and governance officer as well as non-executive directors' fees
- Reviewing and recommending specific remuneration packages for executive directors, senior executives and the group company secretary and governance officer to the board for approval, including base salaries
- Recommending to the board cash performance bonuses to be awarded to executive directors, senior executives and the group company secretary and governance officer, taking cognisance of job descriptions and the performance of ARM against budgetary and strategic objectives as approved by the board
- Regularly reviewing and recommending changes to ARM's long-term (share-based) incentive schemes to ensure the continued contribution of executive directors and other senior executives to shareholder value
- Considering and making recommendations to the board on any proposed cash bonus schemes or long-term (share-based) incentive schemes or amendments to any existing schemes for executive directors, senior executives and group company secretary and governance officer
- Recommending to the board grants or awards to be made to executive directors, other senior executives and the group company secretary and governance officer under ARM's long-term share-based incentive schemes
- Satisfying itself on the accuracy of recorded performance measures that govern the vesting of long-term (share-based) incentives
- Ensuring management develops appropriate employee benefit policies for the company.

Remuneration committee activities

FOCUS AND ADDING VALUE IN F2020

The scheduled work plan was followed, with a normal cycle of activities as well as additional duties that included:

- Monitoring the impact of the Covid-19 pandemic on executive remuneration
- Overseeing the implementation of new conditional share plan with new performance criteria
- Recommending to the board annual increases in the base salaries of executive directors and other senior executives
- Recommending to the board short-term incentives (ie bonuses) payable to executive directors and other senior executives
- Recommending the board retainer as well as board and committee meeting attendance fees for non-executive directors, for submission to shareholders
- Overseeing preparation of the remuneration implementation report.

FOCUS AREAS FOR F2021

The committee will focus on:

- Monitoring the ongoing impact of the Covid-19 pandemic on executive remuneration
- Recommending corporate bonus parameters for F2021 to the board
- Recommending to the board amendments to the short-term incentive scheme to mitigate the risk in F2021 due to the Covid-19 pandemic
- Recommending to the board annual increases in the base salaries of executive directors and other senior executives
- Recommending to the board amendments to the short-term incentive scheme
- Recommending to the board short-term incentives (ie bonuses) payable to executive directors and senior executives
- Recommending the board retainer as well as board and committee meeting attendance fees for non-executive directors, for submission to shareholders
- Recommending a policy on paying fees to non-executive directors for ad-hoc meetings
- Overseeing preparation of the remuneration implementation report.

REMUNERATION REPORT continued

PART II

OVERVIEW OF MAIN PROVISIONS OF THE REMUNERATION POLICY

REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

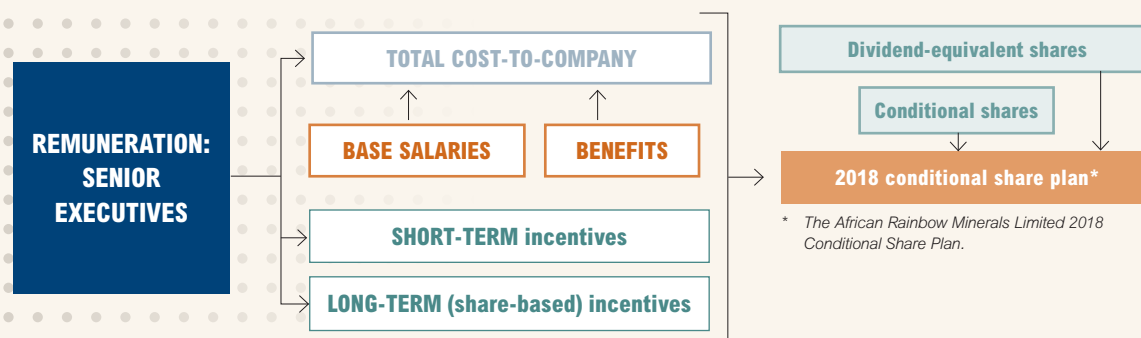
Principles of executive remuneration

ARM's executive remuneration philosophy aims to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the company's strategy of delivering consistent and sustainable shareholder value. In addition, ARM promotes positive outcomes, an ethical culture and corporate citizenship in decisions on pay.

The remuneration policy conforms to international best practice and is based on the following principles:

- **Total cost-to-company** of base salary plus benefits
- **Incentive-based** rewards in the form of competitive incentives compared to other employers in the mining and mineral resources sector, earned by achieving performance targets consistent with shareholder expectations over the short and long term:
 - » **Short-term incentives**, ie cash bonuses based on performance measures and targets, and structured to reward effective operational performance
 - » **Long-term (share-based) incentives** used to align the long-term interests of management with those of shareholders and responsibly implemented to avoid exposing shareholders to unreasonable or unexpected financial impact.

Elements of total executive remuneration design



TOTAL COST-TO-COMPANY

BASE SALARY

Policy	Implementation
<ul style="list-style-type: none"> • Benchmarked against market practices of South African mining companies comparable in size, business complexity and international scope • Generally reflects market median levels based on the role and individual skills and experience. 	<ul style="list-style-type: none"> • Paid monthly in cash • Reviewed annually, with changes from 1 July, where applicable • Increases are determined by market conditions, company performance, individual performance and changes in responsibilities, among others • Salary increases of 3% for executives approved for F2021 from 1 July 2020 (F2020: 6%) • Key component of a total cost-to-company (CTC) package, including benefits. The company participates in industry-wide surveys from time to time. Participation in short-term and long-term incentive schemes is determined on the basis of, and in addition to, the CTC package.

TOTAL COST-TO-COMPANY continued

PENSION FUND

Policy	Implementation
<ul style="list-style-type: none"> Membership of the ARM Pension Fund is compulsory. Senior executives, if already members of a recognised industrial pension/retirement fund such as Sentinel, may remain members of that fund 	<ul style="list-style-type: none"> Contributions are made by senior executives from base salary. Total contribution to the fund, including risk benefits such as life and disability cover, ranges from 22.5% to 27.5% of pensionable salary The ARM Pension Fund is: <ul style="list-style-type: none"> » Managed by six trustees – 50% appointed by ARM and 50% elected by members » Administered by Alexander Forbes » A defined contribution fund.

MEDICAL SCHEME

Policy	Implementation
<ul style="list-style-type: none"> Membership of a medical scheme is compulsory. 	<ul style="list-style-type: none"> Executives may participate in any managed medical aid plan of their choice Contributions are made by senior executives from their base salary.

OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT

All other conditions of employment are comparable to companies in the mining and mineral resources sector. No special or extraordinary conditions apply to senior executives.

SHORT-TERM INCENTIVES

POLICY

Short-term incentives (cash bonuses) are determined under a bonus scheme that rewards senior executives for sustained outperformance of cost and profitability targets set annually for the company's business, and safety performance in terms of its strategy.



For more on the company's strategy see the integrated annual report.

INSTRUMENT

Cash under the outperformance bonus scheme.

BONUS PERCENTAGES

Following a review by the company's remuneration consultants to mitigate risk in F2021 in light of the current uncertain environment due to the Covid-19 pandemic and its impact on global economic conditions, amendments were made to the short-term incentive scheme. The maximum bonus payable in F2021 will be capped. The calculations for each performance measure (being annual profit before interest and taxes (PBIT) and unit costs) will still determine an on-target bonus multiple of between zero and three times depending on the F2021 actual performance relative to the target and stretch set for F2021. However, an upper limit of two times will be set on the overall on-target bonus multiple when considering the weighted average outcome.

For F2021 bonuses, the short-term incentive on-target cash bonus percentages and required outperformance to achieve the maximum cash bonus as a percentage of the total, before the application of the safety and personal performance modifiers, are shown below:

Position	Paterson grade	F2021 % on-target bonus of CTC	F2021 maximum bonus as % of CTC
Executive chairman	FU	62%	124%
Chief executive officer	FU	50%	100%
Finance director and senior executives	FL	45%	90%
Operational senior executives in ARM Ferrous, ARM Coal and ARM Platinum	FL	45%	90%

REMUNERATION REPORT continued

SHORT-TERM INCENTIVES continued**PERFORMANCE MEASUREMENT**

For the executive chairman, chief executive officer, finance director and other senior executives (excluding those from ARM Ferrous, ARM Platinum and ARM Coal), financial performance indicators are calculated as:

- 50% – profit from operations
- 50% – unit cost of sales (a weighted scorecard).

For operational senior executives, financial performance indicators are calculated for each division as:

- 25% – ARM overall profit from operations against target
- 25% – ARM overall unit cost of sales against target (a weighted scorecard)
- 25% – divisional profit from operations against target
- 25% – divisional unit cost of sales against target (a weighted scorecard).

The following divisional unit cost of sales will be measured:

- Manganese
- Iron ore (Beeshoek and Khumani separately)
- Ferromanganese (Machadodorp)
- Ferromanganese (Cato Ridge)
- Nickel
- Platinum (Modikwa)
- Platinum (Two Rivers)
- Coal (Goedgedvonden)
- Coal (Participative Coal Business).

The combined percentage (achieved by each senior executive) is applied to their CTC to determine the potential cash bonus.

SAFETY MODIFIER

A safety modifier is applied after a cash bonus has been calculated for each senior executive. This is based on the lost-time injury frequency rate for each division or operation. If the safety target is met, participants will receive an additional 5% of their cash bonus.

There is a sliding scale for outperformance or underperformance for each division or operation:

- If participants outperform their targets by 10% or more, they will receive an additional 10% of their cash bonus
- If safety targets are not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.

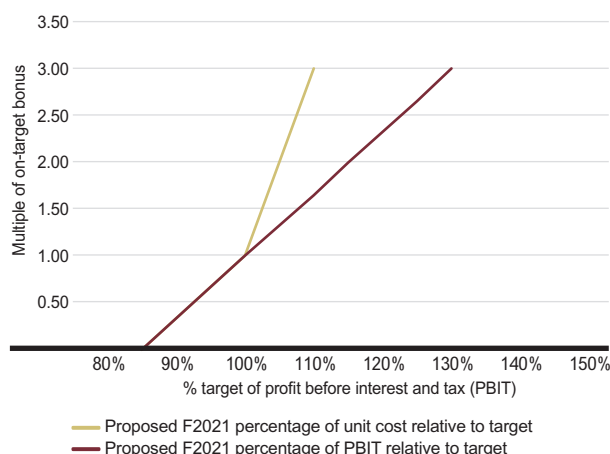
For future bonuses, after the safety modifier has been determined on the basis of the lost time injury frequency rate performance for the year, the board will further consider any fatalities for the year and, at its discretion, adjust the modifier taking into account the context of such fatalities.

PERFORMANCE TARGETS

The targets for each metric are in line with the board-approved one-year business plan, and measures are reviewed annually to ensure they are appropriate, given the economic climate and performance expectations for the company. As targets are related to the budget and considered commercially sensitive information, they are not disclosed. F2021 PBIT targets relative to F2020 PBIT targets are set out below. F2020 cost targets are unchanged.

%	F2021 PBIT targets*
ARM group	+14%
ARM Ferrous	(11%)
ARM Platinum	+133%
ARM Coal	<(200%)

* Based on the approved F2021 plan relative to F2020 targets. The F2021 plan will be trued up for opening balances.

F2021 BONUS STRUCTURE**PERSONAL PERFORMANCE MODIFIER**

From F2020, a personal performance modifier will be applied after a cash bonus has been calculated and the safety modifier applied for each senior executive, except the executive chairman and chief executive officer. If KPIs are met, up to an additional 10% of their bonus may be achieved. If KPIs are not met, up to 30% of their bonus will be forfeited. No personal performance modifiers are applicable to the short-term incentives payable to the executive chairman and the chief executive officer, respectively, because the personal performance of the executive chairman and chief executive officer are best measured by the performance of the company.

LONG-TERM INCENTIVES

The 2018 conditional share plan, is aligned with global practice and has been used for all new long-term incentive awards since the 2018 annual general meeting.

2018 CONDITIONAL SHARE PLAN (F2021)

ELIGIBILITY

The overall company and individual limits for the conditional share plan are 10 985 514 shares and 2 197 103 shares, respectively.

POLICY

This plan closely aligns the interests of shareholders and senior executives by recognising their contributions to the group, giving them the opportunity to share in its success, and reward superior performance. This plan is used as a tool to incentivise performance and create shareholder value.

ELIGIBILITY

Employees in the corporate office on Paterson grade D-F bands are eligible to participate in the 2018 conditional share plan. The primary intent is to make awards to executive and senior management, although awards may be made to other employees with the consent of the remuneration committee.

INSTRUMENT

Conditional shares (subject to performance and employment conditions) for annual or interim awards of long-term incentives.

AWARD AND SETTLEMENT

Conditional share awards may be made on an annual or interim basis to reduce the risk of unanticipated outcomes due to share-price volatility and cyclical factors. Conditional shares will vest after three years, subject to meeting predetermined performance criteria, and settled in equity or cash should it not be practical or possible to settle in ARM shares.

ALLOCATION LEVELS

Executive chairman – 2.0 x total CTC

Chief executive officer – 1.67 x total CTC

Finance director and other executive directors – 1.33 x total CTC

Senior executives – 1.0 x total CTC

DIVIDEND-EQUIVALENT SHARES

Dividend-equivalent shares, for conditional shares, are awarded at the discretion of the board. They are the number of ARM shares equal in value to dividends a participant would have earned if they owned the vested number of ARM shares from award date to vesting date of the conditional shares with reference to the dividend record dates in that period.



REMUNERATION REPORT continued

2018 CONDITIONAL SHARE PLAN (F2021) continued

PERFORMANCE CONDITIONS AND VESTING

Performance conditions	Weight	Threshold	Target	Stretch
Relative total shareholder return (TSR) against a comparator group of 20 mining companies (excluding gold and diamond companies).*	25%	Threshold and target is set at the median of the comparator group (100% vesting)		Upper quartile of the comparator group (200% vesting)
Average free cash flow return on equity US\$ operating free cash flow/US\$ equity over the three-year performance period, where: operating free cash flow (for the year) is defined as: Net increase/decrease in cash and cash equivalents Plus dividends paid to shareholders and non-controlling interest Plus expansion capital expenditure Plus repayments of debt.	25%	US\$ cost of equity of the company (50% vesting)	US\$ cost of equity of the company + 3% (100% vesting)	US\$ cost of equity of the company + 6% (200% vesting)
Consistent and sustainable cost performance as measured against the mining producer price index (PPI). Compound annual growth rate of the company's unit costs over the three-year performance period compared to mining PPI.	25%	Increase equal to mining PPI (50% vesting)	90% of the increase equal to mining PPI (100% vesting)	80% of the increase equal to mining PPI (200% vesting)
Sustainable business Improved safety performance as measured by the lost-time injury frequency rate (LTIFR)	10%	Improvement of 3% over the period (50% vesting)	Improvement of 4% over the period (100% vesting)	Improvement of 5% over the period (200% vesting)
Improvement in the B-BBEE score	10%	Maintain current level (50% vesting)	Improvement of 2% (100% vesting)	Improvement of 5% (200% vesting)
Environmental compliance (see climate change performance targets below)	5%			

Climate-change performance targets

Description of targets: absolute savings in carbon emissions through emission reduction initiatives consisting of:

- Emissions from direct production activities (ie scope 1 emissions) and
- Emissions from electricity consumption (ie scope 2 emissions) due to emission-reduction initiatives determined at the end of the three-year performance period, relative to the baseline on 1 July of that period.

NOTE: The calculation may be adjusted for any material acquisitions and divestments based on emissions at the time of the transaction.

Threshold: maintain the baseline, ie keep carbon emissions below the aggregate of scope 1 and scope 2 emission levels at the start of the three-year performance period (50% vesting).

Target: 1.8% absolute reduction in the aggregate of scope 1 and scope 2 emission levels at the end of the three-year performance period against the baseline (100% vesting).

Stretch: equal to or greater than 2.0% absolute reduction in the aggregate of scope 1 and scope 2 emission levels at the end of the three-year performance period against the baseline (200% vesting).

* Top 20 JSE-listed mining companies (excluding gold and diamond companies).

2018 CONDITIONAL SHARE PLAN (F2021) continued

VESTING

There will be 0% vesting for the applicable performance measure if performance is below threshold. Linear interpolation will be applied for performance between threshold and target, and target stretch. Vesting is capped at 200% for performance at and above stretch.

TERMINATION OF EMPLOYMENT

If a senior executive leaves due to a fault termination, eg resignation or dismissal, all unvested awards will be forfeited. If a senior executive leaves due to a no-fault termination, eg retirement, retrenchment or death, the number of conditional shares vesting will be pro-rated against performance and time served.

MALUS AND CLAWBACK

At the discretion of the board, malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions will be applied to awards to senior executives on certain 'trigger events', including action or conduct of a senior executive which, in the reasonable opinion of the board, amounts to misbehaviour, fraud or gross misconduct. In terms of clawback, the pre-tax cash value of the award would be recouped.

LONG-TERM INCENTIVES (LEGACY SCHEMES)

The company no longer makes allocations under the legacy schemes set out below.



See part III of this report for outcomes.

Performance shares (last allocation in F2019)

Policy

Was designed to align the interests of shareholders and senior executives by rewarding superior performance and encouraging them to build a shareholding in the company. The performance criteria incentivised creating shareholder value.

Instrument

Performance shares under The African Rainbow Minerals Limited 2008 share plan (the 2008 share plan).

Award policy and vesting period

Performance shares under the 2008 share plan were conditional rights to shares typically awarded annually to reduce the risk of unanticipated outcomes from share price volatility and cyclical factors.

Performance criteria

For awards made from May 2015, total shareholder return (TSR) in terms of the JSE Limited Resources 10 Index (RESI 10) and the 20-day volume weighted average price (VWAP) were used to determine the number of performance shares that vest. The RESI 10 was discontinued from December 2015, after which the number of companies in the peer group was increased to 20 (excluding gold and diamond companies). From May 2017, the performance measurement graph was clarified to provide for situations where there were less than 20 mining companies in a peer group. The comparator groups for benchmarking were selected through a rigorous process to ensure the overall competitiveness of ARM's remuneration.

Performance measurement

Vesting is based on a sliding scale of achieving the performance criteria as determined by an independent third party, the company's remuneration consultants.



See part III of this report for outcomes.

REMUNERATION REPORT continued

LONG-TERM INCENTIVES (LEGACY SCHEMES) continued**Vesting period**

Performance shares conditionally awarded to senior executives after 1 November 2011 and before 1 November 2014: shares vest and are settled after a period of four years, subject to achieving predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2014: shares vest and are settled after a period of three years, subject to achieving predetermined performance criteria.

Bonus shares (last allocation in F2019)**Design policy**

Policy designed to align the interests of shareholders and senior executives by rewarding superior performance and encouraging them to build a shareholding in the company. The bonus performance criteria incentivised creating shareholder value.

Instrument

Bonus shares under the 2008 share plan.

Award policy

Bonus shares are conditional rights to shares that were allocated annually, as determined by a specified ratio of the annual cash incentive accruing to senior executives.

Other than bonus shares granted under the deferred bonus share/co-investment scheme and the waived bonus method (F2015 and F2016), no bonus shares have been granted since 2015.

Vesting period

Bonus shares granted to senior executives after 1 November 2011 and before 1 November 2014: shares vested and were settled after four years.

Bonus shares granted to senior executives after 1 November 2014: shares vest and are settled after three years.

Deferred bonus/co-investment scheme (last allocation in F2019)**Policy**

The purpose of this scheme under the 2008 share plan was to align the interests of shareholders and senior executives by rewarding superior performance, encouraging senior executives to build a shareholding in the company and enhancing the retention potential of senior executives.

A final award of bonus shares and a matching number of performance shares under the 2008 share plan was made in November 2018 prior to adopting the 2018 conditional share plan by shareholders in December 2018.

Instrument

Bonus shares (for deferred bonus) and performance shares (for matching performance shares) under the 2008 share plan.

Operation

Senior executives could invest in additional bonus shares that were matched by the company with the equivalent number of performance shares under the terms and conditions of the 2008 share plan.

Award policy

Scheme prior to F2017: senior executives could defer 25%, 33% or 50%.

Scheme from F2017: senior executives could defer 25%, 33%, 50%, 75% or 100%.

There have been no awards using this method since F2019.

Vesting period

The vesting periods of deferred bonus shares and matching equivalent number of performance shares are three years.

LONG-TERM INCENTIVES (LEGACY SCHEMES) continued

Waived bonus method (2016)

Policy

This method was designed to align the interests of shareholders and senior executives by rewarding superior performance, encouraging senior executives to build a shareholding in the company, and enhancing the retention characteristics of the bonus reward of senior executives.

Instrument

Bonus shares (for 100% of the value of the waived 2016 bonuses) and performance shares (for matching equivalent number of performance shares) in terms of the 2008 share plan.

Award policy

In advance of the 2016 bonus being quantified or declared, and before any such bonus accrued, the executive chairman elected to waive and receive delivery of 100% of the value of any cash bonus that might accrue to him for the 2016 performance year, pre-tax, in the form of 100% of the value of the waived 2016 bonus in bonus shares and matching equivalent number of performance shares.

There have been no awards using this method since 2016.

Vesting period

The vesting periods of waived bonus shares and matching equivalent number of performance shares are three years.

Share options (last allocation in F2014)

Policy

Policy designed to align the interests of shareholders and senior executives by encouraging senior executives to build a shareholding in the company.

Instrument

Share options under The African Rainbow Minerals Share Incentive Scheme (the scheme).

Net settlement

The scheme was amended in December 2010 to allow the company to offer participants the opportunity to net settle share options when they exercise these.

Vesting period

Share options vested in total on the third or fourth anniversary of their allocation. The final allocation in terms of the scheme vested in F2018. Senior executives may elect to defer exercising any share option until the eighth anniversary of its allocation, after which it lapses.



REMUNERATION REPORT continued



Termination policy

Executive directors and prescribed officers have one month's notice period in their employment contracts. Executive agreements do not include restraint provisions on termination. The termination policy is set out below.

Termination policy

FORM OF REMUNERATION	RESIGNATION	RETIREMENT	DISMISSAL	RETRENCHMENT/ TRANSFER	DEATH
Basic salary	One month's notice pay	Paid until last day of employment	Paid until last day of employment	Paid until last day of employment	Paid until last day of employment
Benefits including medical/pension	Paid until employment ceases	Pension payout under rules of pension fund scheme	Paid until employment ceases	Paid until employment ceases	Paid until last day of employment
Outperformance Bonus Scheme					
Short-term incentive (cash bonus)	No entitlement to bonus	Entitled to pro-rata bonus, paid at financial year end	No entitlement to bonus	Entitled to pro-rata bonus, paid at financial year end	Entitled to pro-rata bonus, paid at financial year end
2008 Share Plan					
Performance shares (awards)	Considered a fault termination: all unvested awards cancelled*	Considered a no-fault termination: awards are settled on vesting if performance criteria are met	Considered a fault termination: all unvested awards cancelled*	Considered a no-fault termination: all awards are settled pro rata for the period until vested	Considered a no-fault termination: all awards are settled pro rata for the period until vested
Bonus shares (grants)	Considered a fault termination: all unvested grants will be deemed cancelled*	Considered a no-fault termination: all grants will be deemed to have vested on date of terminating employment, and settled as soon as possible	Considered a fault termination: all unvested grants will be deemed cancelled*	Considered a no-fault termination: all grants will be deemed to have vested on date of terminating employment and settled as soon as possible	Considered a no-fault termination: all grants will be deemed to have vested on date of terminating employment and settled as soon as possible

* Unless the board determines otherwise.



FORM OF REMUNERATION	RESIGNATION	RETIREMENT	DISMISSAL	RETRENCHMENT/ TRANSFER	DEATH
Share Scheme					
Share options	Within 45 days of terminating employment to exercise vested share options	Retirement does not accelerate vesting and share options may not be exercised later than the eighth anniversary of issue date	All share options lapse*	Vested share options may be exercised within one year of terminating employment	Vested share options may be exercised within one year of date of death, and board may grant a further one-year period
2018 Conditional Share Plan					
Conditional shares	Considered a fault termination, subject to the board's discretion: all unvested awards forfeited	<ul style="list-style-type: none"> As a rule, awards will vest pro rata, according to time served and extent to which performance conditions have been met. Vested awards will be settled as soon as possible. Some exceptions apply: <ul style="list-style-type: none"> » Where retirement is elected as the cause of terminating employment in instances that would be deemed a 'fault termination', retirement will be treated as a fault termination and awards will be forfeited. » Early retirement by default is considered a fault termination, and all unvested awards forfeited. However, the board retains the discretion to designate an early retirement as a normal retirement, and thus a no-fault termination 	Considered a fault termination: all unvested awards forfeited	Considered a no-fault termination: awards will vest pro rata, according to time served and extent to which performance conditions have been met. Vested awards will be settled as soon as possible	Considered a no-fault termination: awards will vest pro rata, according to time served and extent to which performance conditions have been met. Vested awards will be settled as soon as possible

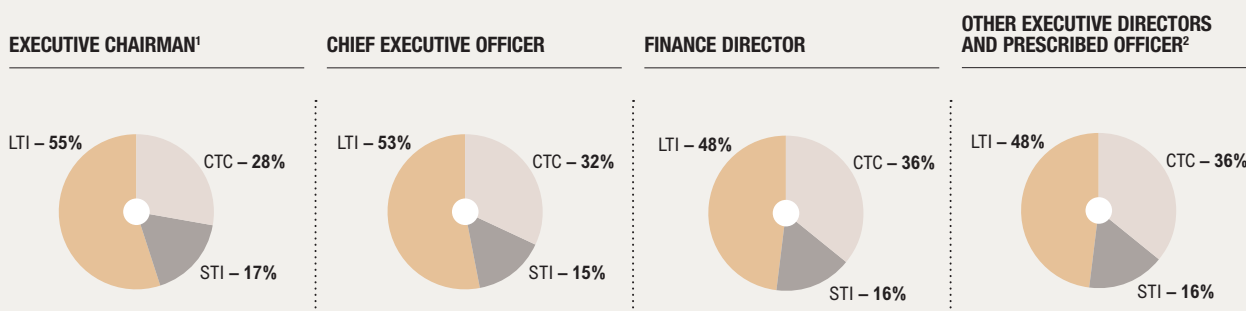
* Unless the board determines otherwise.

REMUNERATION REPORT continued

TOTAL REMUNERATION DESIGN: F2021

The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration, and between aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. It considers each element of the total remuneration package relative to the market and takes into account the performance of the company and individual executive in determining both quantum and design.

The scenario graphs alongside represent the on-target total remuneration packages of senior executives, where the base salary CTC, bonus (short-term incentives) and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the committee to ensure it supports the company's remuneration policy and strategic objectives.



CTC = total annual package before incentives (ie cost-to-company)

STI = short-term incentive

LTI = long-term incentive (excluding any movement in share price)

¹ Total annual package before incentives, excludes non-cash benefits.

² Average remuneration for Messrs HL Mkatshana, A Joubert, and Ms J Magagula.

For Mr Joubert, the total annual package before incentives excludes non-cash benefits.

Shareholding targets for senior executives

To further align management's interests with those of shareholders and to encourage long-term commitment to the company, senior executives are expected to accumulate a holding of shares in ARM. They have been required to build a minimum shareholding in ARM shares from October 2015, or three years after the first allocation on becoming a senior executive, equivalent to 1x pensionable salary determined at the date of allocation. This is followed by another period of three years to build a further shareholding of 1x pensionable salary for a total of 2x pensionable salary. Senior executives are required to maintain the number of shares while employed by ARM.



Minimum shareholding target outcomes are set out in part III.

Employment agreements

There are employment agreements between the company and executive directors, namely Dr PT Motsepe (executive chairman), Messrs MP Schmidt (chief executive officer), HL Mkatshana (executive director and chief executive: ARM Platinum, also responsible for ARM Coal), and Ms J Magagula (executive director: investor relations and new business development). Ms AM Mukhuba resigned from the company from 30 September 2020 to assume a finance director role with another company. ARM has an employment agreement with Ms TTA Mhlana who assumed the role of finance director from 1 October 2020.

The company also has an employment agreement with the prescribed officer, Mr A Joubert (chief executive: ARM Ferrous).

None of these is a fixed-term contract. Executive directors and the prescribed officers only receive remuneration in terms of their employment relationship with the company and do not earn directors' fees.

Executive directors and the prescribed officer are subject to the performance criteria that apply to all participants in the 2018 conditional share plan, 2008 share plan and the scheme. There are no other service agreements between the company and its executive directors and prescribed officer.

REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS

Non-executive directors' fees

On the advice of the remuneration committee, which engages specialist remuneration consultants to assist with benchmarking non-executive directors' fees against comparable companies, the board considers and makes recommendations to shareholders on fees payable.

A comprehensive benchmarking study was conducted in 2020 (prior benchmarking study in 2018). The remuneration committee agreed to recommend to shareholders that non-executive directors' fees be increased by 3% in F2020 (rounded to the nearest R50), excluding value-added tax (VAT), in line with the increase for executives in the Paterson F-band.

Board retainers and board and committee meeting attendance fees are paid quarterly in arrears. Remuneration for independent non-executive directors does not include any benefit from the short-term or long-term (share-based) incentive schemes.

Annual board retainer fees and per-meeting attendance fees

On the advice of the remuneration committee, the board recommends that shareholders approve paying fees to non-executive directors for services rendered (including attending any committee meeting, at the direction of the board, where they are not a member), and to ensure that these fees attract and retain non-executive directors of the required calibre. The fees below reflect a 3% increase on the previous year (rounded to the nearest R50). Annual retainer fees would be paid quarterly or as determined by the board, and would be pro-rated for periods of less than a full year. The per-meeting attendance fee for scheduled meetings would be as set out below.

	Proposed fees from 1 July 2020 (excl VAT) (R)*		Fees effective 1 July 2019 (excl VAT) (R)	
	Annual retainer	Per meeting	Annual retainer	Per meeting
Lead independent non-executive director	582 650	22 250	565 700	21 600
Independent non-executive directors	464 890	22 250	451 350	21 600
Non-executive directors	464 890	22 250	451 350	21 600

* Effective 1 July 2020, should the fees be approved by shareholders at the annual general meeting.

Attendance fees are paid for ad hoc board meetings, budget workshops, strategy meetings, site visits, other meetings on board matters and for undertaking other work devoted to company business outside of regular scheduled board meetings, as well as for attending committee meetings (as a non-member and at the direction of the board). For an ad hoc meeting of the board or for undertaking other work devoted to company business outside of regular scheduled board meetings, which requires substantially less time to prepare for, attend or undertake than in relation to a regular scheduled board meeting, the per-meeting fee will be reduced commensurately. No offsite strategy meetings or site visits were conducted in F2020 due to the Covid-19 pandemic.

The company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings and contributes towards the cost of tablet for digital meeting packs. Other office costs, including telecommunication costs, are deemed to be included in board retainers.

Committee per-meeting attendance fees

On the advice of the remuneration committee, the board recommends that shareholders approve paying fees to non-executive directors for services rendered as committee members and to ensure that committee meeting-attendance fees attract and retain suitable non-executive directors. The proposed fees are set out below.

	Per-meeting attendance fees proposed from 1 July 2020 (excl VAT) (R)*	Per-meeting attendance fees from 1 July 2019 (excl VAT) (R)
Audit and risk committee		
Chairman	116 200	112 800
Member	46 500	45 150
Investment, nomination, remuneration, and social and ethics committees		
Chairman	57 600	55 900
Member	30 400	29 500

* Effective 1 July 2020, should fees be approved by shareholders at the 2020 annual general meeting.

Attendance fees are also paid for ad hoc committee meetings and for undertaking other work devoted to committee business outside of regular scheduled committee meetings. For an ad hoc meeting of a committee or other work devoted to committee business outside of regular scheduled committee meetings, which requires substantially less time to prepare for, attend or undertake than in relation to a scheduled meeting, the per-meeting fee will be reduced commensurately.

Service agreements: non-executive directors

In addition to directors' fees, non-executive directors may receive consultancy fees under agreements concluded at market rates for defined and pre-approved services.

In F2020, the company had:

- A renewable consultancy agreement with Mr M Arnold, which was renewed for two years from 11 December 2019
- A renewable consultancy agreement with Mr JA Chissano, which was renewed for two years from 1 May 2019
- A renewable consultancy agreement with Mr JC Steenkamp, which was renewed for two years from 11 December 2019.

Mr Steenkamp's consultancy agreement with the Company has been terminated.

There are no other service agreements between the company and its non-executive directors.



Details of amounts paid in F2020 under consultancy agreements with non-executive directors are provided in part III.

NON-BINDING ADVISORY VOTE

Annually, shareholders are requested to cast a non-binding advisory vote on the remuneration policy set out in part II.



See notice of annual general meeting on the company's website.

REMUNERATION REPORT continued

PART III

IMPLEMENTATION REPORT: F2020

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICER

The remuneration of executive directors and the prescribed officer comprises base salaries, benefits, short-term (annual cash) incentives, and long-term (share-based) incentives. Executive directors do not receive directors' fees.

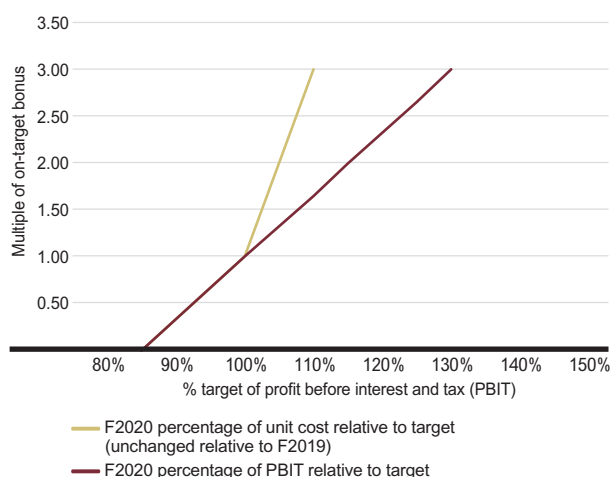
Salary adjustments

The board approved a cost-to-company increase of 6% for senior executives for F2020 (F2019: 6%).

F2020 short-term incentive performance targets

The F2020 targets for profit before interest and taxes (PBIT) and costs are shown below.

F2020 BONUS STRUCTURE



Performance against bonus targets for F2020 was as follows:

	PROFITABILITY* <p>Above target</p> <ul style="list-style-type: none"> ARM Ferrous ARM Platinum ARM Coal ARM group
	COST TARGETS <p>Better than plan</p> <ul style="list-style-type: none"> ARM Ferrous <p>Worse than plan</p> <ul style="list-style-type: none"> ARM Platinum ARM Coal ARM group
	SAFETY MODIFIER <p>Safety modifier maximum achieved</p> <ul style="list-style-type: none"> ARM Ferrous and ARM Coal ARM group <p>Safety modifier not achieved</p> <ul style="list-style-type: none"> ARM Platinum

* Based on profit before interest and taxes.

F2020 actual short-term incentive outcomes

The performance measures and targets based on budget are recommended by the remuneration committee to the board for approval annually. Targets are set by considering current market conditions faced by the company or division. The percentage of basic salary paid as a bonus is based on the relative achievement against targets.

The tables below and on the following page illustrate how senior executives performed against targets for performance measures and the relative weighting of each measure.

F2020 short-term incentive performance scorecard: executive directors

Performance measure	Performance level achieved						Commentary on key performance outcome and link to reward
	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	
Group performance	100%						
• PBIT from operations		50%				●	Exceeded stretch (OTB multiple = 3)
• Unit cost of sales (weighted)		50%	●				Between threshold and target (OTB multiple = 0.72)
Group safety modifier						●	Maximum target modifier achieved (10%)

OTB = on-target bonus

The prescribed officer, the chief executive: ARM Ferrous, was measured against a combination of group and divisional financial targets.

F2020 short-term incentive performance scorecard: prescribed officer

Performance measure	Performance level achieved						Commentary on key performance outcome and link to reward
	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	
Group performance	50%						
• PBIT from operations		50%				●	Exceeded stretch (OTB multiple = 3)
• Unit cost of sales (weighted)		50%	●				Between threshold and target (OTB multiple = 0.72)
Group safety modifier						●	Maximum target modifier achieved (10%)
Divisional performance	50%						
ARM Ferrous							
• PBIT from division		50%			●		Between target and stretch (OTB multiple = 2.88)
ARM Ferrous							
• Unit cost of sales (weighted)		50%			●		Between target and stretch (OTB multiple = 2.05)
Divisional safety modifier						●	Maximum target modifier achieved (10%)

OTB = on-target bonus

The F2020 remuneration outcomes are summarised below. The total F2020 bonus was payable in cash and no portion was deferred.

F2020 short-term incentive performance outcomes: executive directors and prescribed officer

	F2020 % on-target bonus	F2020 % maximum bonus	F2020 performance rating (after applying safety modifier)	F2020 personal performance modifier	F2020 performance rating (after applying safety and personal performance modifier)	F2020 actual short-term incentive (cash bonus) (after applying safety modifier) (R000)	Short-term incentive as % of total annual package before incentives ⁴
Executive directors							
Dr PT Motsepe ¹	62%	186%	126.86%	—	126.86%	10 532	63.44%
MP Schmidt ²	50%	150%	102.31%	—	102.31%	8 869	102.28%
J Magagula ³	45%	135%	92.08%	2.97%	95.05%	3 209	(see note 3)
HL Mkatshana	45%	135%	92.08%	0.51%	92.59%	4 307	92.54%
AM Mukhuba	45%	135%	92.08%	4.73%	96.81%	4 855	96.77%
Prescribed officer							
A Joubert	45%	135%	107%	4.50%	111.5%	5 929	111.34%

1, 2 The executive chairman and chief executive officer have overall responsibility for the performance of the company, and their personal performance is thus not determined separately from that of the company.

3 Ms J Magagula was appointed to the board on 18 December 2019 and the cost-to-company portion of the total annual package is the amount received as an executive director and not for the full financial year.

4 Per single figure remuneration table on pages 64 and 65.

REMUNERATION REPORT continued

F2020 long-term incentive awards

Conditional shares under the 2018 conditional share plan

Awards of conditional shares were made to eligible participants in the Paterson grade F-band under the 2018 conditional share plan. Conditional shares are settled after three years, subject to the company achieving prescribed performance criteria. The 20-day volume weighted average price is used to determine the price.

Performance shares under the 2008 share plan

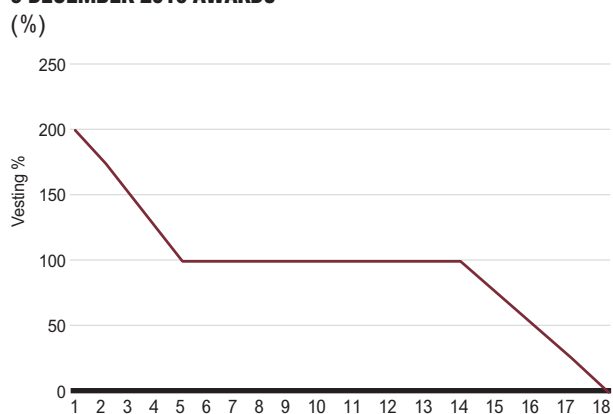
Conditional awards of performance shares were made to eligible participants under the 2008 share plan until November 2018. Performance shares are settled after three years, subject to the company achieving prescribed performance criteria. The 20-day volume weighted average price is used to determine the price.

F2020 long-term incentive performance outcomes

Settlement of F2017 waived bonus and deferred bonus/co-investment scheme awards

The 14 November 2016 awards (in terms of the waived bonus and deferred bonus/co-investment schemes) vested on 15 November 2019. Based on ARM's TSR ranking of 5th against 18 listed comparator companies (excluding gold and diamond companies) shown below, 100% of the awarded number of performance shares vested and were settled.

VESTING SCHEDULE: 14 NOVEMBER 2016 AWARDS AND 9 DECEMBER 2016 AWARDS



The comparator group¹ for the November 2016 performance share awards is shown below:

Rank	Company name
1	Anglo American Platinum Limited
2	Kumba Iron Ore Ince
3	Anglo American plc
4	Northam Platinum Limited
5	African Rainbow Minerals Limited
6	Impala Platinum Holdings Limited
7	BHP Group plc
8	Exxaro Resources Limited
9	Assore Limited
10	Glencore plc
11	South32 Limited
12	Tharisa plc
13	Royal Bafokeng Platinum Limited
14	Merafe Resources Limited
15	MC Mining Limited
16	Resource Generation Limited
17	Hulamin Limited
18	ArcelorMittal SA

Source: PwC

¹ Companies that delisted in the performance period were excluded from the comparator group.

Settlement of the F2017 annual performance share awards

The 9 December 2016 annual performance shares awarded in terms of the three-year annual allocation to senior executives in the Paterson F-band vested on 10 December 2019. Based on ARM's TSR ranking of 7th against 18 listed comparator companies (excluding gold and diamond companies), the performance measurement for the award resulted in the vesting and settlement of 100% of the awarded number of performance shares. The vesting schedule for the 9 December 2016 awards was the same as for the 14 November 2016 awards.

The comparator group¹ for the December 2016 performance share awards is shown below:

Rank	Company name
1	Anglo American Platinum Limited
2	Kumba Iron Ore Inc
3	Northam Platinum Limited
4	Impala Platinum Holdings Limited
5	Anglo American plc
6	Exxaro Resources Limited
7	African Rainbow Minerals Limited
8	BHP Group plc
9	Royal Bafokeng Platinum Limited
10	Assore Limited
11	South32 Limited
12	Glencore plc
13	Merafe Resources Limited
14	Wesizwe Platinum Limited
15	Tharisa plc
16	Hulamin Limited
17	MC Mining Limited
18	ArcelorMittal SA

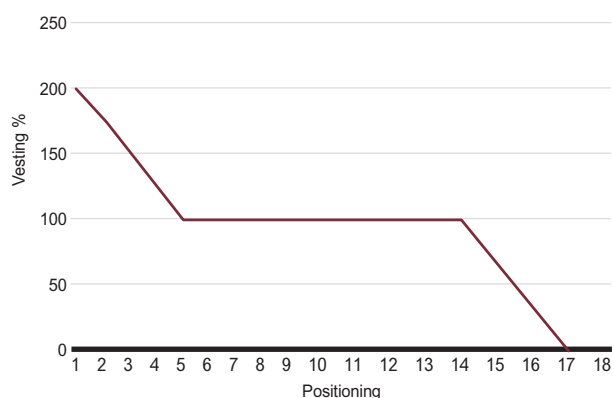
Source: PwC

¹ Companies that delisted in the performance period and were excluded from the comparator group.

Settlement of F2017 interim performance share awards

The 15 May 2017 interim performance share awards vested on 18 May 2020. Based on ARM's TSR ranking of 4th against 17 listed comparator companies (excluding gold and diamond companies) shown below, 125% of the awarded number of performance shares vested and were settled.

VESTING SCHEDULE: 15 MAY 2017 AWARDS (%)



The comparator group¹ for the May 2017 performance share awards is shown below:

Rank	Company name
1	Anglo American Platinum Limited
2	Kumba Iron Ore Inc
3	Impala Platinum Holdings Limited
4	African Rainbow Minerals Limited
5	Anglo American plc
6	BHP Group plc
7	Northam Platinum Limited
8	Assore Limited
9	Exxaro Resources Limited
10	Royal Bafokeng Platinum Limited
11	South32 Limited
12	Glencore plc
13	Wesizwe Platinum Limited
14	Tharisa plc
15	Merafe Resources Limited
16	Hulamin Limited
17	ArcelorMittal SA

Source: PwC

¹ Companies that delisted in the performance period and excluded from the comparator group.



See single-figure remuneration table on page 64 for actual value of performance shares settled in F2020 and F2019 and pages 68 and 69 for more on unvested performance shares.

Bonus shares under the 2008 share plan

In terms of the 2008 share plan, eligible participants received grants of full-value ARM shares that matched, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment.

The board agreed in 2015 that bonus shares would no longer be granted in the annual allocations. Deferred bonus shares under the 2008 share plan were granted until November 2018 and waived bonus shares under the 2008 share plan were granted until November 2016.



For bonus shares settled in F2019 and F2020 and more on unvested bonus share awards, see page 70.

Share option scheme

Between 2008 and 2013, annual allocations of share options under The African Rainbow Minerals share incentive scheme (the scheme) were made to eligible participants, but at a much-reduced scale after adopting the 2008 share plan. Share options have not been allocated to executive directors and prescribed officers since October 2013.



For share options settled in F2019 and F2020 and more on unexercised share options, see pages 71 and 72.

Termination-of-office payments

In F2020, no payments were made to executive management as a result of terminating employment.

Malus and clawback

In F2020, there were no actions or conduct by senior executives that triggered either the malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture) provisions applicable to their long-term share-based incentive awards.

Minimum shareholding requirements

At 30 June 2020, the executive directors and prescribed officer below had exceeded targets for the first tranche of their minimum shareholding requirements:

	Shareholding at 30 June 2020 (direct or indirect)	Shareholding at 30 June 2019 (direct or indirect)	Minimum shareholding target (first tranche)
Executive directors and prescribed officer			
Executive directors¹			
Dr PT Motsepe ²	89 865 787	89 526 698	62 965
MP Schmidt	435 067	326 533	41 094
HL Mkatshana	107 459	70 003	21 207
AM Mukhuba ³	27 986	—	22 791
AJ Wilkens ⁴	686 647	616 725	36 543
Prescribed officer			
A Joubert	55 277	27 470	24 236

¹ Ms J Magagula was appointed to the board as an executive director on 18 December 2019 and is required to meet the target in terms of the first tranche in December 2022.

² Shares held by African Rainbow Minerals & Exploration Investments (Pty) Ltd and Botho-Botho Commercial Enterprises (Pty) Ltd.

³ Ms AM Mukhuba resigned as finance director with effect from 30 September 2020, and was required to meet the target in terms of the first tranche by 16 May 2020.

⁴ Includes shares held by Jeandre Investment Trust. Mr AJ Wilkens resigned as an executive director from 18 December 2019.

REMUNERATION REPORT continued

Single-figure remuneration: executive directors and prescribed officer

The schedules of single-figure remuneration for executive directors and prescribed officer for the years ended 30 June 2020 and 30 June 2019 are set out on the following pages.

Single-figure remuneration

R000	2020									
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Allowances		Total annual package before incentives	Short-term incentives	Total annual package after short-term incentives, before long-term incentives	Long-term incentives	Total single figure remuneration
				Non-cash benefit ⁴	Other benefits ⁵		Cash bonus ⁶		Performance shares ⁷	
Executive directors										
Dr PT Motsepe	8 302	–	–	8 298	2	16 602	10 532	27 134	46 040	73 174
MP Schmidt	7 996	537	–	–	138	8 671	8 869	17 540	30 654	48 194
J Magagula ¹	1 596	126	90	–	7	1 819	1 727	3 546	–	3 546
HL Mkatshana	4 184	346	–	–	124	4 654	4 307	8 961	10 579	19 540
AM Mukhuba	4 433	484	83	–	17	5 017	4 855	9 872	5 917	15 789
AJ Wilkens ²	2 690	–	32	75	28	2 825	2 350	5 175	19 749	24 924
Total for executive directors	29 201	1 493	205	8 373	316	39 588	32 640	72 228	112 939	185 167
Prescribed officer³										
A Joubert	4 573	514	–	6	232	5 325	5 929	11 254	12 090	23 344
Total for prescribed officer	4 573	514	–	6	232	5 325	5 929	11 254	12 090	23 344
Total for executive directors and prescribed officer	33 774	2 007	205	8 379	548	44 913	38 569	83 482	125 029	208 511

Total annual package before incentives = cost-to-company

- Ms J Magagula was appointed as an executive director from 18 December 2019. The amounts included in the schedule for total annual package before incentives and the cash bonus are for the portion of the year when Ms Magagula was an executive director. No long-term incentives are shown as these were settled prior to her appointment as executive director.
- Mr AJ Wilkens stepped down from the board from 18 December 2019. Mr Wilkens' salary decreased by 30% on 1 August 2019 and he did not receive an annual increase on 1 July 2019. The amounts included in the schedule for total annual package before incentives and the cash bonus are for the portion of the year when Mr Wilkens was an executive director. The long-term incentives were settled when Mr Wilkens was an executive director and the full amount is shown.
- Prescribed officers of the company were determined under section 66(10) of the Companies Act 71 2008, as amended, and as further described in section 38 of its regulations. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).
- Includes protection services.
- Includes travel, UIF and risk benefits.
- No bonuses were deferred in F2020. Refer to the remuneration report in the integrated annual report for additional information about accrued bonuses.
- Includes pre-tax settlement value of i) matching performance shares in terms of the deferred bonus (waived bonus)/co-investment scheme and ii) annual allocation of performance shares (3-year vesting). The value of these performance shares was included in F2020 as performance was measured at the vesting date which falls within F2020.

R000	2019									
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Allowances		Total annual package before incentives	Short-term incentives	Total annual package after short-term incentives, before long-term incentives	Long-term incentives	Total single figure remuneration
				Non-cash benefit ⁶	Other benefits ⁷		Cash bonus ⁸		Performance shares ⁹	
Executive directors										
Dr PT Motsepe	7 832	–	–	4 994	2	12 828	9 719	22 547	30 468	53 015
MP Schmidt	7 515	511	–	–	154	8 180	8 185	16 365	24 275	40 640
J Magagula ¹	–	–	–	–	–	–	–	–	–	–
HL Mkatshana ²	3 951	325	–	–	114	4 390	3 953	8 343	9 741	18 084
AM Mukhuba ³	4 220	445	–	–	68	4 733	4 261	8 994	–	8 994
AJ Wilkens	7 735	–	68	162	78	8 043	7 096	15 139	16 960	32 099
Total for executive directors	31 253	1 281	68	5 156	416	38 174	33 214	71 388	81 444	152 832
Prescribed officer⁴										
A Joubert ⁵	4 321	483	–	3	214	5 021	5 480	10 501	11 262	21 763
Total for prescribed officer	4 321	483	–	3	214	5 021	5 480	10 501	11 262	21 763
Total for executive directors and prescribed officer	35 574	1 764	68	5 159	630	43 195	38 694	81 889	92 706	174 595

Total annual package before incentives = cost-to-company

¹ Ms J Magagula was appointed as an executive director from 18 December 2019, and did not receive any remuneration as an executive director in F2019.

² Following a benchmarking study by the remuneration consultants in F2019, Mr HL Mkatshana received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.

³ Following a benchmarking study by the remuneration consultants in F2019, Ms AM Mukhuba received a 12% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.

⁴ Prescribed officers of the company were determined under section 66(10) of the Companies Act 71 2008, as amended, and as further described in section 38 of its regulations. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).

⁵ Following a benchmarking study by the remuneration consultants in F2019, Mr A Joubert received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.

⁶ Includes protection services.

⁷ Includes travel, UIF and risk benefits.

⁸ No bonuses were deferred in F2019. Refer to the remuneration report in the integrated annual report for additional information about accrued bonuses.

⁹ Includes pre-tax settlement value of i) matching performance shares in terms of the deferred bonus (waived bonus)/co-investment scheme and ii) annual allocation of performance shares (3-year vesting). The value of these performance shares was included in F2019 as performance was measured at the vesting date which falls within F2019.

REMUNERATION REPORT continued

Conditional share awards

Awards of conditional shares are made to eligible participants under the 2018 conditional share plan. Awards are settled after three years, subject to the company achieving prescribed performance criteria. For additional information about the performance criteria, see part II.

Unvested conditional shares awarded to directors and the prescribed officer are summarised below.

Unvested conditional share awards

Director/ prescribed officer	Number of shares	Award type	Award date	Vesting date	Value on award date (R000)	F2020					
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
Directors											
Dr PT Motsepe	159 694	CSA	07-Dec-18	08-Dec-21	20 570	159 694	–	–	–	159 694	–
	107 420	CSA	06-Dec-19	07-Dec-22	16 603	–	107 420	–	–	107 420	–
MP Schmidt	126 274	CSA	07-Dec-18	08-Dec-21	16 265	126 274	–	–	–	126 274	–
	93 663	CSA	06-Dec-19	07-Dec-22	14 477	–	93 663	–	–	93 663	–
J Magagula ¹	16 445	CSA	11-May-20	12-May-23	2 025	–	16 445	–	–	16 445	–
HL Mkatshana	45 313	CSA	07-Dec-18	08-Dec-21	5 836	45 313	–	–	–	45 313	–
	40 027	CSA	06-Dec-19	07-Dec-22	6 186	–	40 027	–	–	40 027	–
AM Mukhuba ²	48 849	CSA	07-Dec-18	08-Dec-21	6 292	48 849	–	–	–	48 849	–
	43 150	CSA	06-Dec-19	07-Dec-22	6 669	–	43 150	–	–	43 150	–
AJ Wilkens ³	81 351	CSA	07-Dec-18	08-Dec-21	10 478	81 351	–	–	–	81 351	–
	47 455	CSA	06-Dec-19	07-Dec-22	7 335	–	47 455	–	–	47 455	–
Prescribed officer											
A Joubert	51 796	CSA	07-Dec-18	08-Dec-21	6 671	51 796	–	–	–	51 796	–
	45 754	CSA	06-Dec-19	07-Dec-22	7 072	–	45 754	–	–	45 754	–

CSA: conditional share award

1 Ms J Magagula was appointed an executive director from 18 December 2019.

2 Ms AM Mukhuba resigned as finance director from 30 September 2020.

3 Mr AJ Wilkens resigned as an executive director from 18 December 2019. He remains a senior executive of the company.

Director/ prescribed officer	Number of shares	Award type	Award date	Vesting date	Value on award date (R000)	F2019					
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
Directors											
Dr PT Motsepe	159 694	CSA	07-Dec-18	08-Dec-21	20 570	–	159 694	–	–	159 694	–
MP Schmidt	126 274	CSA	07-Dec-18	08-Dec-21	16 265	–	126 274	–	–	126 274	–
HL Mkatshana	45 313	CSA	07-Dec-18	08-Dec-21	5 837	–	45 313	–	–	45 313	–
AM Mukhuba ¹	48 849	CSA	07-Dec-18	08-Dec-21	6 292	–	48 849	–	–	48 849	–
AJ Wilkens ²	81 351	CSA	07-Dec-18	08-Dec-21	10 479	–	81 351	–	–	81 351	–
Prescribed officer											
A Joubert	51 796	CSA	07-Dec-18	08-Dec-21	6 672	–	51 796	–	–	51 796	–

CSA: conditional share award

1 Ms AM Mukhuba resigned as finance director from 30 September 2020.

2 Mr AJ Wilkens resigned as executive director from 18 December 2019. He remains a senior executive of the company.

Cash-settled conditional awards

Cash-settled conditional awards are made to eligible participants in the D and E Paterson grade under the 2018 cash-settled conditional share plan. Awards are settled after three years, subject to the company achieving prescribed performance criteria. For additional information about the performance criteria, see part II.

Unvested cash-settled conditional awards made to directors, prior to appointment as directors, are summarised below.

Unvested cash-settled conditional share awards

Director	Number of shares	Award type	Award date	Vesting date	Value on award date (R000)	F2020					
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
J Magagula ¹	6 650	CA	07-Dec-18	08-Dec-21	857	6 650	–	–	–	6 650	–
	5 874	CA	06-Dec-19	07-Dec-22	908	–	5 874	–	–	5 874	–

CA: cash-settled conditional share award

¹ Ms J Magagula was appointed an executive director from 18 December 2019.

Director	Number of shares	Award type	Award date	Vesting date	Value on award date (R000)	F2019					
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
J Magagula ¹	6 650	CA	07-Dec-18	08-Dec-21	857	–	6 650	–	–	6 650	–

CA: cash-settled conditional share award

¹ Ms J Magagula was appointed an executive director from 18 December 2019.



REMUNERATION REPORT continued

Performance shares

Conditional awards of performance shares are made to eligible participants under the 2008 share plan. Performance shares are settled after three or four years, subject to the company achieving prescribed performance criteria. For additional information about performance criteria, see part II.

Unvested performance shares awarded to directors and the prescribed officer are summarised below.

Unvested performance share awards

Director/ prescribed officer	Number of shares	Award type	Award date	Vesting date	Value on award date (R000)	F2020					
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
Directors											
Dr PT Motsepe	47 218	WB	14-Nov-16	15-Nov-19	4 573	47 218	–	–	(47 218)	–	7 272
	244 653	PS3	09-Dec-16	10-Dec-19	25 875	244 653	–	–	(244 653)	–	38 768
	78 307	DB	16-Nov-17	17-Nov-20	9 535	78 307	–	–	–	78 307	–
	159 378	PS3	16-Nov-17	17-Nov-20	19 406	159 378	–	–	–	159 378	–
	75 115	DB	06-Nov-18	07-Nov-21	9 608	75 115	–	–	–	75 115	–
MP Schmidt	193 452	PS3	09-Dec-16	10-Dec-19	20 459	193 452	–	–	(193 452)	–	30 654
	16 486	DB	16-Nov-17	17-Nov-20	2 007	16 486	–	–	–	16 486	–
	126 023	PS3	16-Nov-17	17-Nov-20	15 345	126 023	–	–	–	126 023	–
M Arnold ¹	120 270	PS3	09-Dec-16	10-Dec-19	12 720	120 270	–	–	(120 270)	–	19 058
	78 349	PS3	16-Nov-17	17-Nov-20	9 540	78 349	–	–	–	78 349	–
J Magagula ²	10 188	PS3	09-Dec-16	10-Dec-19	1 078	10 188	–	–	(10 188)	–	1 614
	6 637	PS3	16-Nov-17	17-Nov-20	808	6 637	–	–	–	6 637	–
HL Mkatshana	66 762	PS3	09-Dec-16	10-Dec-19	7 061	66 762	–	–	(66 762)	–	10 579
	6 572	DB	16-Nov-17	17-Nov-20	800	6 572	–	–	–	6 572	–
	43 492	PS3	16-Nov-17	17-Nov-20	5 296	43 492	–	–	–	43 492	–
AM Mukhuba ³	35 063	PSI	15-May-17	16-May-20	3 000	35 063	–	–	(35 063)	–	5 917
	8 077	DB	16-Nov-17	17-Nov-20	983	8 077	–	–	–	8 077	–
	25 871	PS3	16-Nov-17	17-Nov-20	3 150	25 871	–	–	–	25 871	–
	18 644	PSA	11-Dec-17	12-Dec-20	2 228	18 644	–	–	–	18 644	–
JC Steenkamp ⁴	124 630	PS3	09-Dec-16	10-Dec-19	13 181	124 630	–	–	(124 630)	–	19 749
AJ Wilkens ⁵	124 630	PS3	09-Dec-16	10-Dec-19	13 181	124 630	–	–	(124 630)	–	19 749
	81 190	PS3	16-Nov-17	17-Nov-20	9 886	81 190	–	–	–	81 190	–
Prescribed officer											
A Joubert	76 300	PS3	09-Dec-16	10-Dec-19	8 069	76 300	–	–	(76 300)	–	12 090
	49 705	PS3	16-Nov-17	17-Nov-20	6 052	49 705	–	–	–	49 705	–

PS3: Annual award (3-year)

PS4: Annual award (4-year)

DB: Deferred bonus/co-investment scheme matching award

WB: Waived bonus method

PSA: Additional award

PSI: Interim award

¹ Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.

² Ms J Magagula was appointed an executive director from 18 December 2019.

³ Performance shares settled to Ms AM Mukhuba on 18 May 2020 vested at 125%, based on the total shareholder return testing conducted by an independent third party consultant, i.e. PwC, as more fully described on page 63 under "Settlement of F2017 interim performance share awards". Ms Mukhuba resigned as finance director from 30 September 2020.

⁴ Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.

⁵ Mr AJ Wilkens resigned as an executive director from 18 December 2019. He remains a senior executive of the company.

Unvested performance share awards

Director/ prescribed officer	Number of shares	Award type	Award date	Vesting date	Value on award date (R000)	F2019					
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
Directors											
Dr PT Motsepe	165 373	PS3	22-May-15	15-Oct-18	17 771	165 373	–	–	(165 373)	–	20 878
	71 570	WB	25-Nov-15	26-Nov-18	3 555	71 570	–	–	(71 570)	–	9 590
	47 218	WB	14-Nov-16	15-Nov-19	4 573	47 218	–	–	–	47 218	–
	244 653	PS3	09-Dec-16	10-Dec-19	25 875	244 653	–	–	–	244 653	–
	78 307	DB	16-Nov-17	17-Nov-20	9 535	78 307	–	–	–	78 307	–
	159 378	PS3	16-Nov-17	17-Nov-20	19 406	159 378	–	–	–	159 378	–
	75 115	DB	06-Nov-18	07-Nov-21	9 608	-	75 115	–	–	75 115	–
MP Schmidt	130 764	PS3	22-May-15	15-Oct-18	14 052	130 764	–	–	(130 764)	–	16 508
	57 953	WB	25-Nov-15	26-Nov-18	2 879	57 953	–	–	(57 953)	–	7 766
	193 452	PS3	09-Dec-16	10-Dec-19	20 459	193 452	–	–	–	193 452	–
	16 486	DB	16-Nov-17	17-Nov-20	2 007	16 486	–	–	–	16 486	–
	126 023	PS3	16-Nov-17	17-Nov-20	15 345	126 023	–	–	–	126 023	–
M Arnold ¹	78 169	PS3	22-May-15	15-Oct-18	8 400	78 169	–	–	(78 169)	–	9 868
	38 617	WB	25-Nov-15	26-Nov-18	1 918	38 617	–	–	(38 617)	–	5 174
	120 270	PS3	09-Dec-16	10-Dec-19	12 720	120 270	–	–	–	120 270	–
	78 349	PS3	16-Nov-17	17-Nov-20	9 540	78 349	–	–	–	78 349	–
J Magagula ²	10 188	PS3	09-Dec-16	10-Dec-19	1 078	10 188	–	–	–	10 188	–
	6 637	PS3	16-Nov-17	17-Nov-20	808	6 637	–	–	–	6 637	–
HL Mkatshana	43 392	PS3	22-May-15	15-Oct-18	4 663	43 392	–	–	(43 392)	–	5 478
	31 814	WB	25-Nov-15	26-Nov-18	1 580	31 814	–	–	(31 814)	–	4 263
	66 762	PS3	09-Dec-16	10-Dec-19	7 061	66 762	–	–	–	66 762	–
	6 572	DB	16-Nov-17	17-Nov-20	800	6 572	–	–	–	6 572	–
	43 492	PS3	16-Nov-17	17-Nov-20	5 296	43 492	–	–	–	43 492	–
AM Mukhuba ³	35 063	PSI	15-May-17	16-May-20	3 000	35 063	–	–	–	35 063	–
	8 077	DB	16-Nov-17	17-Nov-20	983	8 077	–	–	–	8 077	–
	25 871	PS3	16-Nov-17	17-Nov-20	3 150	25 871	–	–	–	25 871	–
	18 644	PSA	11-Dec-17	12-Dec-20	2 228	18 644	–	–	–	18 644	–
JC Steenkamp ⁴	81 003	PS3	22-May-15	15-Oct-18	8 705	81 003	–	–	(81 003)	–	10 226
	60 958	WB	25-Nov-15	26-Nov-18	3 027	60 958	–	–	(60 958)	–	8 168
	124 630	PS3	09-Dec-16	10-Dec-19	13 181	124 630	–	–	–	124 630	–
AJ Wilkens ⁵	81 003	PS3	22-May-15	15-Oct-18	8 705	81 003	–	–	(81 003)	–	10 226
	50 247	WB	25-Nov-15	26-Nov-18	2 496	50 247	–	–	(50 247)	–	6 733
	124 630	PS3	09-Dec-16	10-Dec-19	13 181	124 630	–	–	–	124 630	–
	81 190	PS3	16-Nov-17	17-Nov-20	9 886	81 190	–	–	–	81 190	–
Prescribed officer											
A Joubert	49 591	PS3	22-May-15	15-Oct-18	5 329	49 591	–	–	(49 591)	–	6 260
	37 319	WB	25-Nov-15	26-Nov-18	1 854	37 319	–	–	(37 319)	–	5 000
	76 300	PS3	09-Dec-16	10-Dec-19	8 069	76 300	–	–	–	76 300	–
	49 705	PS3	16-Nov-17	17-Nov-20	6 052	49 705	–	–	–	49 705	–

PS3: Annual award (3-year)

PS4: Annual award (4-year)

DB: Deferred bonus/co-investment scheme matching award

WB: Waived bonus method

PSA: Additional award

PSI: Interim award

¹ Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.² Ms J Magagula was appointed an executive director from 18 December 2019.³ Ms Mukhuba resigned as finance director from 30 September 2020.⁴ Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.⁵ Mr AJ Wilkens resigned as an executive director from 18 December 2019. He remains a senior executive of the company.

REMUNERATION REPORT continued

Bonus shares

Under the 2008 share plan, eligible participants received grants of bonus shares that matched, according to a specified ratio, a portion of the annual cash bonus incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment. Between 2015 and November 2018, bonus shares were only granted in terms of the deferred bonus/co-investment scheme and waived bonus scheme. See part II for additional information.

Unvested bonus shares granted to directors and the prescribed officer are summarised below.

Unvested bonus share awards

	Number of shares	Award type	Grant date	Vesting date	Value on grant date (R000)	F2020				
						Opening balance	Granted during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
Directors										
Dr PT Motsepe	47 218	WB	14-Nov-16	15-Nov-19	4 573	47 218	–	(47 218)	–	7 272
	78 307	DB	16-Nov-17	17-Nov-20	9 535	78 307	–	–	78 307	–
	75 115	DB	06-Nov-18	07-Nov-21	9 608	75 115	–	–	75 115	–
MP Schmidt	16 486	DB	16-Nov-17	17-Nov-20	2 007	16 486	–	–	16 486	–
HL Mkatshana	6 572	DB	16-Nov-17	17-Nov-20	800	6 572	–	–	6 572	–
AM Mukhuba ¹	8 077	DB	16-Nov-17	17-Nov-20	983	8 077	–	–	8 077	–

DB: Deferred bonus/co-investment scheme

WB: Waived bonus method

¹ Ms AM Mukhuba resigned as finance director from 30 September 2020.

	Number of shares	Award type	Grant date	Vesting date	Value on grant date (R000)	F2019				
						Opening balance	Awarded during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
Director/ prescribed officer										
Directors										
Dr PT Motsepe	71 570	WB	25-Nov-15	26-Nov-18	3 555	71 570	–	(71 570)	–	9 590
	47 218	WB	14-Nov-16	15-Nov-19	4 573	47 218	–	–	47 218	–
	78 307	DB	16-Nov-17	17-Nov-20	9 535	78 307	–	–	78 307	–
	75 115	DB	06-Nov-18	07-Nov-21	9 608	–	75 115	–	75 115	–
MP Schmidt	57 953	WB	25-Nov-15	26-Nov-18	2 879	57 953	–	(57 953)	–	7 765
	16 486	DB	16-Nov-17	17-Nov-20	2 007	16 486	–	–	16 486	–
M Arnold ¹	38 617	WB	25-Nov-15	26-Nov-18	1 918	38 617	–	(38 617)	–	5 175
HL Mkatshana	31 814	WB	25-Nov-15	26-Nov-18	1 580	31 814	–	(31 814)	–	4 263
	6 572	DB	16-Nov-17	17-Nov-20	800	6 572	–	–	6 572	–
AM Mukhuba ²	8 077	DB	16-Nov-17	17-Nov-20	983	8 077	–	–	8 077	–
JC Steenkamp ³	60 958	WB	25-Nov-15	26-Nov-18	3 028	60 958	–	(60 958)	–	8 168
AJ Wilkens ⁴	50 247	WB	25-Nov-15	26-Nov-18	2 496	50 247	–	(50 247)	–	6 733
Prescribed officer										
A Joubert	37 319	WB	25-Nov-15	26-Nov-18	1 854	37 319	–	(37 319)	–	5 001

DB: Deferred bonus/co-investment scheme

WB: Waived bonus method

¹ Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.

² Ms AM Mukhuba resigned as finance director from 30 September 2020.

³ Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.

⁴ Mr AJ Wilkens resigned as an executive director from 18 December 2019. He remains a senior executive of the company.

Share options

Between 2008 and 2013, annual allocations of share options under the African Rainbow Minerals Share Incentive Scheme (the scheme) were made to eligible participants, but at a much-reduced scale after adopting the 2008 share plan. Share options have not been allocated to executive directors and prescribed officers since October 2013.

All share options have vested. Unexercised share options held by directors and the prescribed officer are shown below.

Share options

Director/ prescribed officer	Number of shares	Grant date	Vesting date	Date options lapse	Strike price (cps)	F2020				
						Opening balance	Lapsed or cancelled during the year	Exercised during the year	Closing balance	Pre-tax cash value on settlement (R000)
Directors										
Dr PT Motsepe	19 396	09-Nov-11	10-Nov-15	09-Nov-19	18 267	19 396	(19 396)	–	–	–
	22 964	15-Oct-12	16-Oct-16	15-Oct-20	16 837	22 964	–	–	22 964	–
	20 223	29-Oct-13	30-Oct-17	29-Oct-21	20 075	20 223	–	–	20 223	–
MP Schmidt	15 328	09-Nov-11	10-Nov-15	09-Nov-19	18 267	15 328	(15 328)	–	–	–
	15 963	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 963	–	–	15 963	–
M Arnold ¹	9 959	09-Nov-11	10-Nov-15	09-Nov-19	18 267	9 959	(9 959)	–	–	–
	11 245	29-Oct-13	30-Oct-17	29-Oct-21	20 075	11 245	(11 245)	–	–	–
J Magagula ²	1 907	09-Nov-11	10-Nov-14	09-Nov-19	18 267	1 907	(1 907)	–	–	–
	2 548	15-Oct-12	16-Oct-15	15-Oct-20	16 837	2 548	–	–	2 548	–
	2 244	29-Oct-13	30-Oct-16	29-Oct-21	20 075	2 244	–	–	2 244	–
HL Mkatshana	6 861	03-Apr-12	04-Apr-16	03-Apr-20	18 219	6 861	(6 861)	–	–	–
	8 167	15-Oct-12	16-Oct-16	15-Oct-20	16 837	8 167	–	–	8 167	–
	7 846	29-Oct-13	30-Oct-17	29-Oct-21	20 075	7 846	–	–	7 846	–
JC Steenkamp ³	–	–	–	–	–	–	–	–	–	–
AJ Wilkens ⁴	19 124	09-Nov-11	10-Nov-15	09-Nov-19	18 267	19 124	(19 124)	–	–	–
	15 378	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 378	–	–	15 378	–
Prescribed officer										
A Joubert	7 997	09-Nov-11	10-Nov-15	09-Nov-19	18 267	7 997	(7 997)	–	–	–
	10 691	15-Oct-12	16-Oct-16	15-Oct-20	16 837	10 691	–	–	10 691	–
	9 415	29-Oct-13	30-Oct-17	29-Oct-21	20 075	9 415	–	–	9 415	–

¹ Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.

² Ms J Magagula was appointed an executive director from 18 December 2019.

³ Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017. His share options lapsed and were cancelled in F2019.

⁴ Mr AJ Wilkens resigned as an executive director from 18 December 2019. He remains a senior executive of the company.

REMUNERATION REPORT continued

Director/ prescribed officer	Number of shares	Grant date	Vesting date	Date options lapse	Strike price (cps)	F2019				
						Opening balance	Lapsed or cancelled during the year	Exercised during the year	Closing balance	Pre-tax cash value on settlement (R000)
Directors										
Dr PT Motsepe	19 396	09-Nov-11	10-Nov-15	09-Nov-19	18 267	19 396	–	–	19 396	–
	22 964	15-Oct-12	16-Oct-16	15-Oct-20	16 837	22 964	–	–	22 964	–
	20 223	29-Oct-13	30-Oct-17	29-Oct-21	20 075	20 223	–	–	20 223	–
MP Schmidt	4 863	15-Oct-10	16-Oct-13	15-Oct-18	17 849	4 863	(4 863)	–	–	–
	15 328	09-Nov-11	10-Nov-15	09-Nov-19	18 267	15 328	–	–	15 328	–
	18 127	15-Oct-12	16-Oct-16	15-Oct-20	16 837	18 127	(17 263)	(864)	–	69
	15 963	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 963	–	–	15 963	–
M Arnold ¹	6 287	15-Oct-10	16-Oct-13	15-Oct-18	17 849	6 287	(6 287)	–	–	–
	9 959	09-Nov-11	10-Nov-15	09-Nov-19	18 267	9 959	–	–	9 959	–
	12 769	15-Oct-12	16-Oct-16	15-Oct-20	16 837	12 769	(12 215)	(554)	–	96
	11 245	29-Oct-13	30-Oct-17	29-Oct-21	20 075	11 245	–	–	11 245	–
J Magagula ²	1 824	15-Oct-10	16-Oct-13	15-Oct-18	17 849	1 824	(1 824)	–	–	–
	1 907	09-Nov-11	10-Nov-14	09-Nov-19	18 267	1 907	(1 907)	–	–	–
	2 548	15-Oct-12	16-Oct-15	15-Oct-20	16 837	2 548	–	–	2 548	–
	2 244	29-Oct-13	30-Oct-16	29-Oct-21	20 075	2 244	–	–	2 244	–
HL Mkatshana	6 861	03-Apr-12	04-Apr-16	03-Apr-20	18 219	6 861	–	–	6 861	–
	8 167	15-Oct-12	16-Oct-16	15-Oct-20	16 837	8 167	–	–	8 167	–
	7 846	29-Oct-13	30-Oct-17	29-Oct-21	20 075	7 846	–	–	7 846	–
JC Steenkamp ³	9 408	15-Oct-10	16-Oct-13	15-Oct-18	17 849	9 408	(9 408)	–	–	–
	14 903	09-Nov-11	10-Nov-15	09-Nov-19	18 267	14 903	(14 903)	–	–	–
	17 463	15-Oct-12	16-Oct-16	15-Oct-20	16 837	17 463	(16 649)	(814)	–	65
	15 378	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 378	(15 378)	–	–	–
AJ Wilkens ⁴	12 072	15-Oct-10	16-Oct-13	15-Oct-18	17 849	12 072	(12 072)	–	–	–
	19 124	09-Nov-11	10-Nov-15	09-Nov-19	18 267	19 124	–	–	19 124	–
	17 463	15-Oct-12	16-Oct-16	15-Oct-20	16 837	17 463	(16 712)	(751)	–	60
	15 378	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 378	–	–	15 378	–
Prescribed officer										
A Joubert	4 863	15-Oct-10	16-Oct-13	15-Oct-18	17 849	4 863	(4 863)	–	–	–
	7 997	09-Nov-11	10-Nov-15	09-Nov-19	18 267	7 997	–	–	7 997	–
	10 691	15-Oct-12	16-Oct-16	15-Oct-20	16 837	10 691	–	–	10 691	–
	9 415	29-Oct-13	30-Oct-17	29-Oct-21	20 075	9 415	–	–	9 415	–

¹ Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.

² Ms J Magagula was appointed an executive director from 18 December 2019.

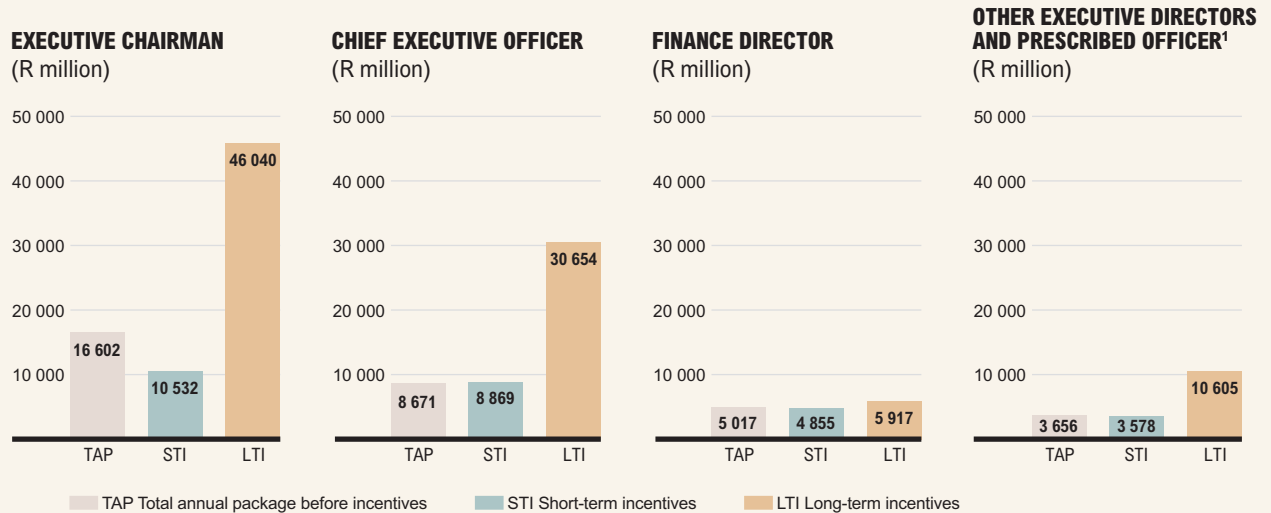
³ Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.

⁴ Mr AJ Wilkens resigned as an executive director from 18 December 2019. He remains a senior executive of the company.

Remuneration outcomes

Remuneration outcomes in 2020 for the executive chairman, chief executive officer, finance director and other executive directors plus the prescribed officer are shown below. Emoluments are detailed in the single-figure remuneration table on page 64.

Total remuneration outcomes: F2020



¹ Average remuneration for Messrs AJ Wilkens, HL Mkatshana and A Joubert and Ms Magagula. The remuneration for Mr Wilkens and Ms Magagula was for the portion of the year when they were executive directors.



REMUNERATION REPORT continued

Directors' remuneration: non-executive directors (audited)

The remuneration of non-executive directors comprises directors' fees. Board retainers, board attendance fees and committee attendance fees are paid quarterly in arrears. The table below sets out emoluments paid to non-executive directors in the years ended 30 June 2020 and 30 June 2019.

NON-EXECUTIVE DIRECTORS' FEES

R000	F2020					F2019				
	Board fees	Committee fees	Consultancy fees excl VAT ¹²	VAT	Total including VAT	Board fees	Committee fees	Consultancy fees excl VAT ¹²	VAT	Total including VAT
Non-executive directors¹										
AK Maditsi ² (independent lead)	630	1 272	–	285	2 187	697	1 238	–	290	2 225
F Abbott	559	118	–	102	779	569	132	–	105	806
M Arnold ³	559	118	428	166	1 271	589	84	243	108	1 024
Dr MMM Bakane-Tuoane ⁴	559	692	–	188	1 439	589	688	–	192	1 469
TA Boardman ⁵	559	921	–	222	1 702	569	884	–	218	1 671
AD Botha	559	602	–	174	1 335	569	646	–	182	1 397
JA Chissano ⁶	538	118	679	98	1 433	467	28	634	74	1 203
WM Gule ⁷	559	22	–	–	581	589	–	375	–	964
JP Möller ⁸	–	–	–	–	–	548	521	–	160	1 229
DC Noko ⁹	538	233	–	–	771	569	–	–	–	569
Dr RV Simelane ¹⁰	559	690	–	187	1 436	589	510	–	165	1 264
JC Steenkamp	559	236	233	–	1 028	569	167	62	–	798
ZB Swanepoel ¹¹	367	286	–	98	751	569	242	–	121	932
Total for non-executive directors	6 545	5 308	1 340	1 520	14 713	7 482	5 140	1 314	1 615	15 551

¹ Payments to reimburse out-of-pocket expenses have been excluded.

² Mr AK Maditsi received an additional board fee in F2019 for a site visit.

³ Mr Arnold, former financial director, became a non-executive director from 11 December 2017. He was appointed to the investment committee from 10 October 2018. An additional board fee was received for a site visit in F2019.

⁴ Dr MMM Bakane-Tuoane stepped down as chairman of the remuneration committee from 9 May 2018, but remained a member. An additional board fee was received in F2020 for attending an investment committee meeting. An additional board fee was received in F2019 for a site visit.

⁵ Mr TA Boardman received an additional committee fee in F2020 for attending an investment committee meeting.

⁶ Mr JA Chissano was appointed to the social and ethics committee from 30 August 2019. An additional board fee was received in F2019 for a site visit.

⁷ Mr WM Gule received a committee fee in F2020 for attending an investment committee meeting. An additional board fee was received in F2019 for a site visit.

⁸ Mr JP Möller resigned from the board on 30 June 2019 to pursue other interests.

⁹ Mr DC Noko was appointed to the investment and social and ethics committees from 30 August 2019 and appointed chairman of the investment committee from 2 March 2020.

¹⁰ Dr RV Simelane received an additional committee fee in F2020 for attending an investment committee meeting and an additional board fee in F2019 for a site visit.

¹¹ Mr ZB Swanepoel resigned from the board on 2 March 2020.

¹² Additional information appears under service agreements: non-executive directors in the remuneration report.

NON-BINDING ADVISORY VOTE

Annually, shareholders are requested to cast a non-binding advisory vote on the remuneration implementation report set out in part III of this report.



See the notice of annual general meeting on the company's website
www.arm.co.za.

Report of the social and ethics committee



Our 2020 sustainability report outlines how ARM creates sustainable and lasting value. This committee is responsible for governing ARM's social and ethics performance and ensuring the group conducts business with integrity and respect for the societal and environmental contexts in which we operate. Our values are embedded in our governance structures, allowing ARM to deliver competitive outcomes and live up to our motto of **We do it better**.



Refer 2020 sustainability report on www.arm.co.za.

PHILOSOPHY

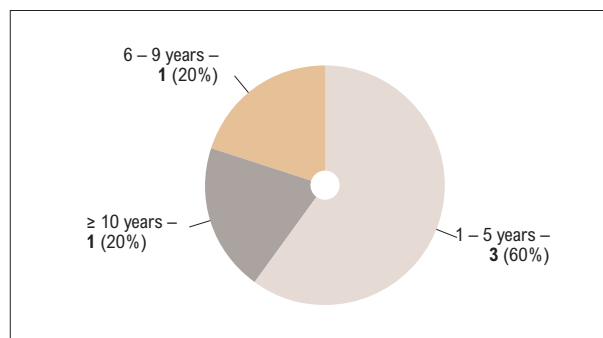
ARM's corporate citizenship philosophy is underpinned by our understanding of the need to turn mineral wealth into sustainable economic growth and development. Through our business activities, we aim to be a catalyst for local, national, regional and international development; make a lasting and important social, economic and environmental contribution to the developing regions in which we operate; and achieve and maintain world-class performance standards in managing safety, occupational health, the environment, tuberculosis, HIV and Aids, and corporate social responsibility.

COMPOSITION

Member ¹	Member since
Dr RV Simelane (chairman)	February 2007
JA Chissano	August 2019
AK Maditsi	June 2012
DC Noko	August 2019
JC Steenkamp	April 2018

¹ Mr ZB Swanepoel resigned from the board and committee on 2 March 2020 and Dr MMM Bakane-Tuane resigned from the board and committee in September 2020.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE continued

Tenure: Social and ethics committee

The committee's terms of reference provide for a minimum of three members, with a majority of independent non-executive directors. Currently, the committee has six non-executive directors, five of whom are independent. Two appointments were made in August 2019 to further strengthen the relevant expertise of the committee. Members have strong experience in mining operations, human capital, sustainable development and stakeholder relations.

Invitees include the chief executive officer, executive director: investor relations and new business development, divisional chief executives, executive: sustainable development, group executive: human resources, group executive: legal, group executive: compliance and stakeholder relations, and chief risk officer.

PURPOSE AND FUNCTIONS

The committee's terms of reference were updated in F2020. It monitors and oversees specific functions set out in the Companies Act, and assumes responsibility for matters assigned by the board.

Responsibilities

The purpose of the committee, which is constituted under regulation 43(5)(c) of the Companies Regulations promulgated under the Companies Act, is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the economy, society and natural environment in which it operates to ensure its business practices are sustainable.

The committee is responsible for:

Monitoring specific activities under relevant legislation, other legal requirements and codes of best practice including:

- Social and economic development
- Responsible corporate citizenship, including promoting equality, preventing unfair discrimination and measures to address any incidents, and contributing to the development of communities in which ARM operates
- Sustainable development, including environmental management, occupational health and wellness and safety
- Stakeholder relationships
- Labour and employment.

It draws relevant matters to the attention of the board, and reports to shareholders at annual general meetings.



Refer committee chairman's review in the sustainability report on our website.

Compliance

The social and ethics committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and there are no material non-compliance to disclose.

Meetings

The committee held four meetings in F2020.



See meeting attendance summary on page 11.

FOCUS AND ADDING VALUE

In the review period, the committee:

- Received reports on and monitored the company's Covid-19 response
- Received a training session and reports on the company's tailings storage facilities
- Monitored allegations received via ARM's whistleblower facility, including complaints or concerns on sustainable development matters
- Considered management reports on compliance with legal requirements in terms of the company's legal compliance policy
- Received reports on the Competition Act online compliance training programme and annual compliance certification
- Received reports on the company's performance against the BBBEE codes of good practice
- Received reports on compliance with the National Environmental Management Act, National Water Act and other safety, health and environmental legislation
- Monitored risk areas affecting the sustainability of the business, together with the audit and risk committee, and received a report on the findings of the annual corporate risk workshop
- Monitored compliance with the mining charter and Department of Trade Industry and Competition targets, as well as the company's adoption of standards of good practice, in terms of its membership of the International Council on Mining and Metals and Minerals Council South Africa.

**Operational performance****Ethics and risk management**

The company is committed to high ethical and legal standards in dealing with all its stakeholders. All directors and employees are required to maintain these standards to ensure the company's business is conducted honestly, fairly, legally, reasonably, in good faith and in the best interests of all stakeholders. These principles are set out in our code of conduct.

The committee received and considered reports on compliance with the code of conduct, including the online training programme. The company followed up on assessments to counteract risks of fraud, bribery and corruption. ARM has a whistleblowers' policy and the committee received reports on results of investigations into calls made to the independent whistleblower facility.



Financial returns and social licence to operate

ARM seeks to make a significant contribution to address challenges confronting South Africa, including poverty alleviation, job creation, education, welfare and healthcare. The committee monitored and reviewed the implementation of policies on adding value and giving to the communities in which ARM operates, including:

- Preferential procurement
- Transformation
- Corporate social responsibility
- Local economic development, including infrastructure, enterprise development, and community development projects committed to under our social and labour plans
- The projects of the ARM rural and national women's upliftment trusts.

The committee specifically focused on commitments in priority areas:

- Health and safety
- Arts and culture
- Education
- Enterprise and supplier development
- Job creation
- Infrastructure
- Community development
- Capacity building

Covid-19 response

In addition, the committee monitored the activities and contributions of ARM operations to mitigate the impact of Covid-19 and related restrictions. The group focused on the health and wellbeing of host communities by supplying PPE, food parcels and water tanks, supported by awareness campaigns. Local businesses benefited from significant support and relief funding.

Human resources

We are committed to fair labour practices and freedom of association. Our policies are aimed at eliminating unfair discrimination and promoting equality in line with the South African constitution, Labour Relations Act, Employment Equity Act and Broad-Based Black Economic Empowerment Act. In addition, our policies are aligned with all other applicable

legislation and the industry charter that governs employment relationships, taking cognisance of the Universal Declaration on Human Rights, United Nations Global Compact, the fundamental human rights conventions of the International Labour Organization and its protocol on decent work and working conditions.

The committee monitored and reviewed the implementation of labour policies, including:

- Attracting, retaining and developing skills to support the company's growth plan
- Transformation
- Gender mainstreaming
- Employment equity
- Employee turnover
- Learnerships and bursaries
- Educational training and development of its employees
- Literacy

Safety and health

We are committed to providing a safe and healthy work environment for our employees. In the review period, the committee monitored and reviewed the implementation of safety, health and wellness policies, including:

- Covid-19
- Safety performance
- Occupational health and wellness
- Pulmonary tuberculosis, and HIV and Aids.

Regrettably, three employees were fatally injured; one at each of Two Rivers, Nkomati and Tweefontein mines. We convey our condolences to their families, colleagues and friends. We have interrogated the causes and mitigatory actions with management to prevent recurrence.



Environmental stewardship

The most material environmental matters considered by ARM are climate change and the responsible management of natural resources. In addition to overseeing the introduction of the supplementary report on climate change and water, the committee monitored and reviewed the management of:

- Climate change
- Resource management, particularly energy and water use
- Land management, including biodiversity, rehabilitation and closure planning.
- Tailings storage facilities management and governance.

Responsible tailings facility management was a priority in F2020. Results from the dam-breach analyses are being reviewed, and appropriate plans formulated.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE continued

Focus for F2021

- Monitoring the company's Covid-19 response
- Monitoring tailings storage facilities at our managed operations
- Monitoring safety improvement and roll-out of a critical control management system to enhance risk controls
- Oversight of transformation, gender mainstreaming and talent management initiatives
- Monitoring continued implementation of enterprise development programmes, including supplier development initiatives
- Ongoing oversight of continuous efforts to reduce carbon emissions and further improve our corporate water and climate-change reporting process.

ASSURANCE

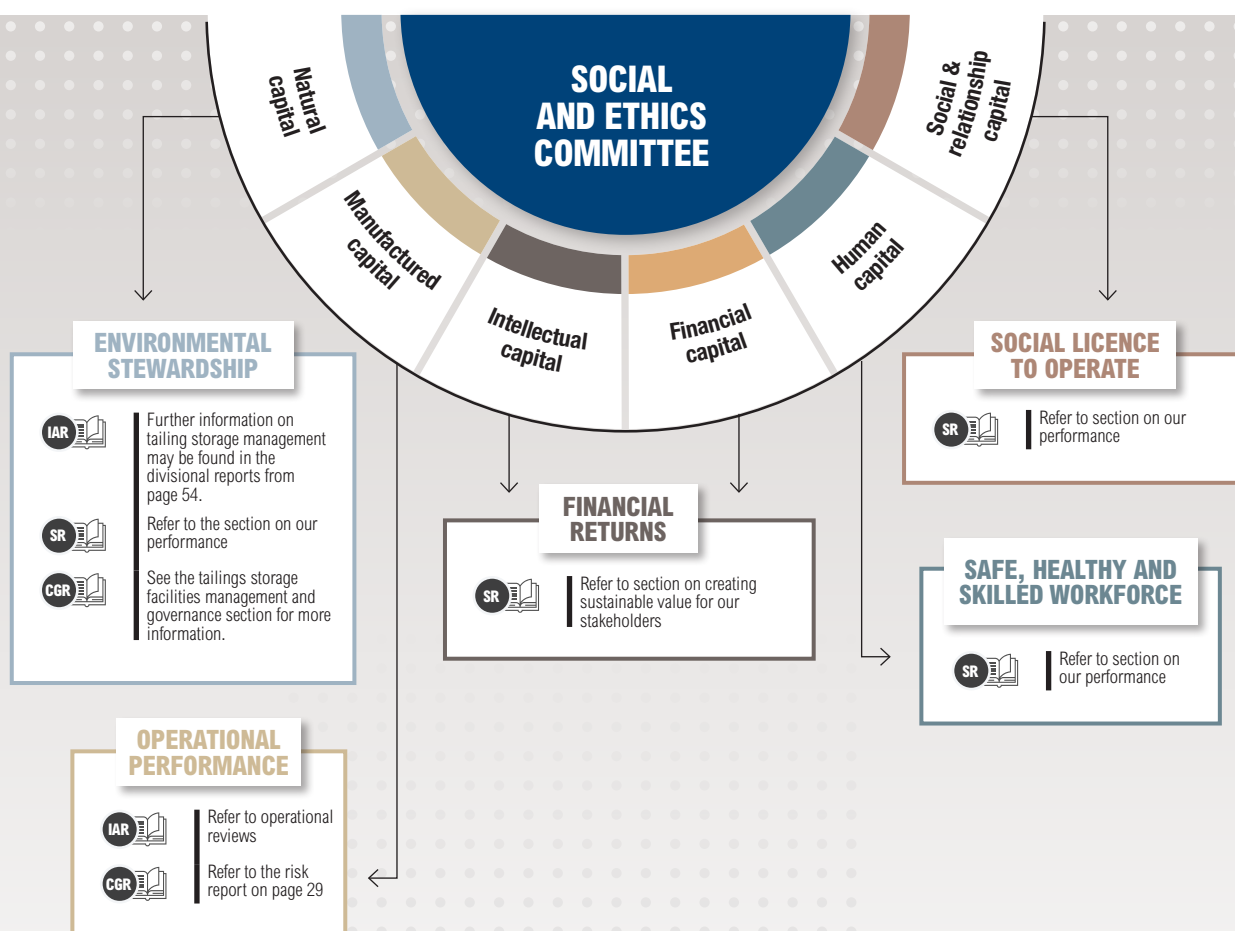
In line with its terms of reference, the committee had oversight of ARM's appointment of an independent external sustainability assurance provider for material elements of the 2020 sustainability report and related section of the 2020 integrated annual report, and reported to ARM's audit and risk committee that the appointment was made.

Based on these activities, we believe the social and ethics committee has executed its duties and responsibilities during the financial year in line with the Companies Regulations and its terms of reference.

Dr Rejoice V Simelane

Chairman of the social and ethics committee

At the annual general meeting, the committee chairman will table the 2020 sustainability report which informs shareholders on the company's performance against relevant legislation and codes of good practice, social and economic development, labour, as well as safety, health and the environment.



Contact details

African Rainbow Minerals Limited

Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
JSE share code: ARI
A2X share code: ARI
ISIN: ZAE000054045

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Sandton
2196

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Fax: +27 11 779 1312
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Website: www.arm.co.za

Group company secretary and governance officer

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Executive director: Investor relations and new business development
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Fax: +27 11 779 1312
E-mail: jongisa.magagula@arm.co.za

Auditors

External auditor: Ernst & Young Inc.
Internal auditors: Deloitte & Touche and BDO South Africa

External assurance provider

IBIS ESG Consulting Africa (Pty) Ltd

Bankers

Absa Bank Limited
FirstRand Bank Limited
The Standard Bank of South Africa Limited
Nedbank Limited

Sponsors

Investec Bank Limited

Transfer secretaries

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Website: www.computershare.co.za

Directors

Dr PT Motsepe (executive chairman)
MP Schmidt (chief executive officer)
F Abbott*
M Arnold**
TA Boardman*
AD Botha*
JA Chissano (Mozambican)*
WM Gule*
AK Maditsi*
J Magagula
TTA Mhlana (finance director)
HL Mkatshana
P Mnisi*
DC Noko*
Dr RV Simelane*
JC Steenkamp*

* Independent non-executive

** Non-executive

FORWARD-LOOKING STATEMENTS

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include statements that predict or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the Covid-19 pandemic. The forward-looking statements apply only as of the date of publication of these pages. The company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect any unanticipated events.



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